



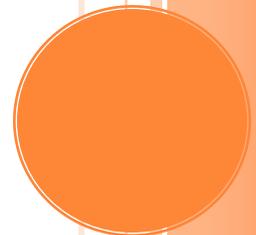
PROCESS TO GOALS

A process inventory to as a first step toward aligning operation to performance

Prepared for California State Legislature in compliance with Section 13 of Senate Bill 840 (Committee on Budget and Fiscal Review, Chapter 341, 2016), this report provides an inventory of processes used by the California Public Utilities Commission (CPUC) to carry out its obligations, as shaped by law and judicial review, the CPUC's rules and procedures, and internal processes for administration and human resources management.

Rebecca Lee, Policy and Planning Division

March 31, 2017





PROCESS TO GOALS

A report on business process inventory

As a state agency, the CPUC is responsible for ensuring safe and reliable utility service at a reasonable rate across energy, telecommunications, water, and transportation sectors. The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californian’s access to safe and reliable utility infrastructure and services.

Since the inception of this agency in 1911, there has been more than a century of organizational changes required of the CPUC through legislation and judicial review. These overlapping layers of mandates have evolved the agency throughout the past century, as the public expectations of the agency’s goals have continued to evolve to include 21st century policy priorities such as climate change and broadband internet access.

This report is the first effort in recent CPUC history to conduct an agency-wide inventory of business processes that internal organizational stakeholders – decision makers, management, and staff alike – rely on to deliver organizational outcomes. By decomposing layers of processes into discrete end-to-end steps, this report provides a structured view of how the CPUC currently fulfills its current responsibilities and sheds lights on how to adapt to future challenges through future process improvement efforts. This serves as a first step toward establishing agency-wide process metrics and identifying opportunities for process improvements or alignment.

The scope of this report is to identify the processes by which the CPUC carries out its work, and to identify current process measures where they exist. An inventory of business processes will enable the agency to place additional process performance measures where they may be needed; identify process weaknesses; identify processes in need of either additional structure or flexibility; and enable targeted allocation of resources for process improvements in the future. Process improvements ensure that operational steps lead to outcomes that are aligned with CPUC’s strategic goals to deliver public value. A business process inventory will enable more informed process management culture and continual process improvement in the longer term.

“Process improvements ensure that operational steps lead to outcomes that are aligned with CPUC’s strategic goals to deliver public value.”

By first identifying the key processes by which CPUC carries out its day-to-day work, this inventory promotes the agency core values of accountability, excellence, and open communications because it allows oversight bodies such as the Legislature and Department of Finance to better analyze and evaluate how budget authorization for human resources,



equipment, facilities, and information technology assets are used to fulfill the CPUC's statutory obligations.

This inventory is not an exhaustive list of all current processes, but a current "best effort" snapshot of representative processes to form the basis for future process documentation and improvements. As the CPUC continues to evolve to adapt to new legislative mandates and new expectations, many process documentation contained in this report will soon be outdated. For example, the Commission is currently taking active steps toward implementing process changes to meet recently enacted reform legislation.¹ CPUC managers, employees, the legislature, or members of the public may use this report as a general guide for identifying process improvement opportunities to further the agency's strategic directives, especially those with regards agency administration.²

¹ As the date of this publication, procedural changes to comply with Senate Bill 215 (Leno, 2016) are underway but are yet to be finalized.

² See CPUC Strategic Directives, Governance Process Policies, and Commission-Staff Linkage Policies document adopted on July 14, 2016 at http://www.cpuc.ca.gov/uploadedfiles/cpuc_public_website/content/about_us/organization/commissioners/cpuc%20strategic%20directives%20and%20governance%20policies_adopted%2014%20july%202016.pdf



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1. PROCESS MANAGEMENT

The underlying purpose of a process inventory is to build the foundation for improving process management at the CPUC to fulfill agency goals. While process change or process re-design is beyond the scope of this report, it is important to highlight how this inventory effort fits into the broader context of reforming and modernizing the CPUC, which operates within an external environment that is under a constant state of flux. Changing statutory requirements through the annual state legislative process, evolving business models in regulated sectors due to technological advances, new challenges facing utility customers, and changeover in the agency’s workforce are just few of the key pressure drivers forcing the CPUC to adapt to new circumstances.

An inventory of business processes would allow internal leadership responsible for serving Californians (such as Commissioners, managers, and employees) to assess whether each process is effectively designed to lead to outcomes that are consistent with one of more of the agency’s strategic directives.³

A process inventory can enable a structured assessment on whether current processes and resources are adequate to support key areas of agency responsibilities to accommodate both existing and new requirements. This, in turn, will allow for more systematic process improvements without undercutting the purpose and goals associated with older processes that may be in need of updates. An inventory can also help improve process consistency, internal process communications between separate work units, and highlight areas of operational inefficiency.

In recognizing the need for process improvement, the Legislature has provided through Public Utilities Code Section 2834 the following direction:

*By March 31, 2017, the Public Utilities Commission shall report to the relevant policy and fiscal committees of the Legislature on its business process inventory efforts. The report shall include documentation and measurement of commission processes, including administrative and monitoring processes shaped by law and judicial review, program performance and communications pursuant to the commission’s rules and procedures, and internal processes related to administration and managing human resources.*⁴

Following this broad statutory guidance, the processes covered in this report include not only regulatory rules and procedures that are relied on to produce orders that exercise legislative authority to advance the CPUC’s mission, but also administrative and operational processes that are essential in enabling decision makers, management and staff alike to align their individual work toward the agency’s purpose, mission, and statutory responsibilities.

³ For background and status of CPUC’s strategic planning process, see <http://www.cpuc.ca.gov/strategicplanninginitiative/>

⁴ See Section 13 of Senate Bill 840 (Committee on Budget and Fiscal Review, Chapter 341, 2016) at http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB840



As the CPUC continues its current strategic planning efforts and finalizes its set of strategic goals, process measurement and re-alignment based on this inventory can help ensure that each work unit are adequately supported by processes that are conducive to meeting the agency’s strategic goals.

2. METHODOLOGY

This process inventory project was managed through the Policy and Planning Division (PPD) of the CPUC. The initial project concept was introduced to the executive management team in early May 2016 for initial feedback at the executive management level, and was initiated in mid-June, 2016. Each CPUC division director was asked to identify a set of distinct end-to-end processes used by his or her division staff to carry out the bulk of the division’s work, and assign a division liaison to facilitate PPD in process modeling. PPD then worked with each division liaison to finalize the list of division work processes, and to seek out the additional information as necessary for process modeling and documentation.

To ensure circumspective information gathering, PPD conducted a series of informational interviews with managers and employees within each division to better understand the nature of each division’s processes. This provided an insightful snapshot on the current construct of internal processes as-is. Where possible, this report also relied on previously compiled division-specific process management efforts carried out with support from outside consultants. Where existing process documentation are lacking, PPD staff worked directly with division managers to create process models and documentation based on a series of informational interviews.

Due to the wide-ranging type of work at the CPUC, different processes are driven by constraints that can vary significantly from one another. Some processes have constraints that are fixed by statute; some are subject to CPUC rules; some are informal approaches to solve operational problems; and some are imposed by other state agencies. Some processes

“A process inventory can enable a structured assessment on whether current processes are adequate to accommodate both existing and new requirements.

are demarcated by milestones, while others are cadenced by tasks. To the best extent possible, this report describes such varying constraints throughout the report.

One caveat associated with a consolidated process inventory is that it may give the audience a false impression that every process requires the same amount of work and resources,

when reality is just the opposite. Some processes can be carried out by one or a few individual staff within a work unit, while certain processes require the coordination of large staff teams across different units. Different types of tasks require different amounts of work. A staff resource needs analysis is not within the scope of this report, but content from this



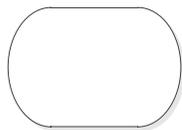
report may be helpful for future assessment of staff resource needs of various CPUC programs.

3. PROCESS CATEGORIES, MODELS, AND SYNTAX

A process-centric examination of CPUC processes highlights that how an organization may categorize its processes is not necessarily a one-to-one mapping to traditional organizational charts. For example the Public Advisor’s Office within News and Outreach share similar processes in providing direct services to concerned utility customers. Enforcement-related processes are shared between Safety and Enforcement Division as well as the Consumer Protection and Enforcement Division, while industry-specific divisions like Energy, Water, and Communications also have related process to ensure compliance.

Processes are grouped into four distinct process groups: (1) administrative processes; (2) management processes; (3) regulatory processes for decision making; and (4) enforcement and compliance processes. Throughout this report, process models are assigned to sections corresponding to CPUC work unit that are designated as the “process owner” for specific processes. Almost every process documented in this report involves milestones or tasks shared between multiple work units. Work products and service provided by the CPUC, whether they are regulatory decision documents, voting meeting outcomes, advice letter resolutions, enforcement cases, or customer complaint resolutions, are rarely the result of one work unit alone. Therefore the process models presented throughout this report utilizes the multiple “swim lane” style to showcase these important divisions of labor.

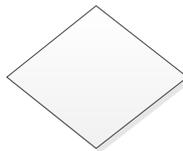
For simplicity, the process models contained in this inventory use a minimal number of symbols to demarcate tasks or milestones within a process, as illustrated below.



Process beginning or end



Document preparation



Binary decision point



Task or milestone



Data archive or database



Data collection



4. ADMINISTRATIVE PROCESSES

The processes which are intended to support activities across all work divisions within the CPUC are categorized under the Administrative Process Category. These Processes share a common goal of enabling other CPUC work divisions to carry out their respective responsibilities. These processes are vital to the basic needs of agency operation.

4.1 People Partners Division (Human Resources)

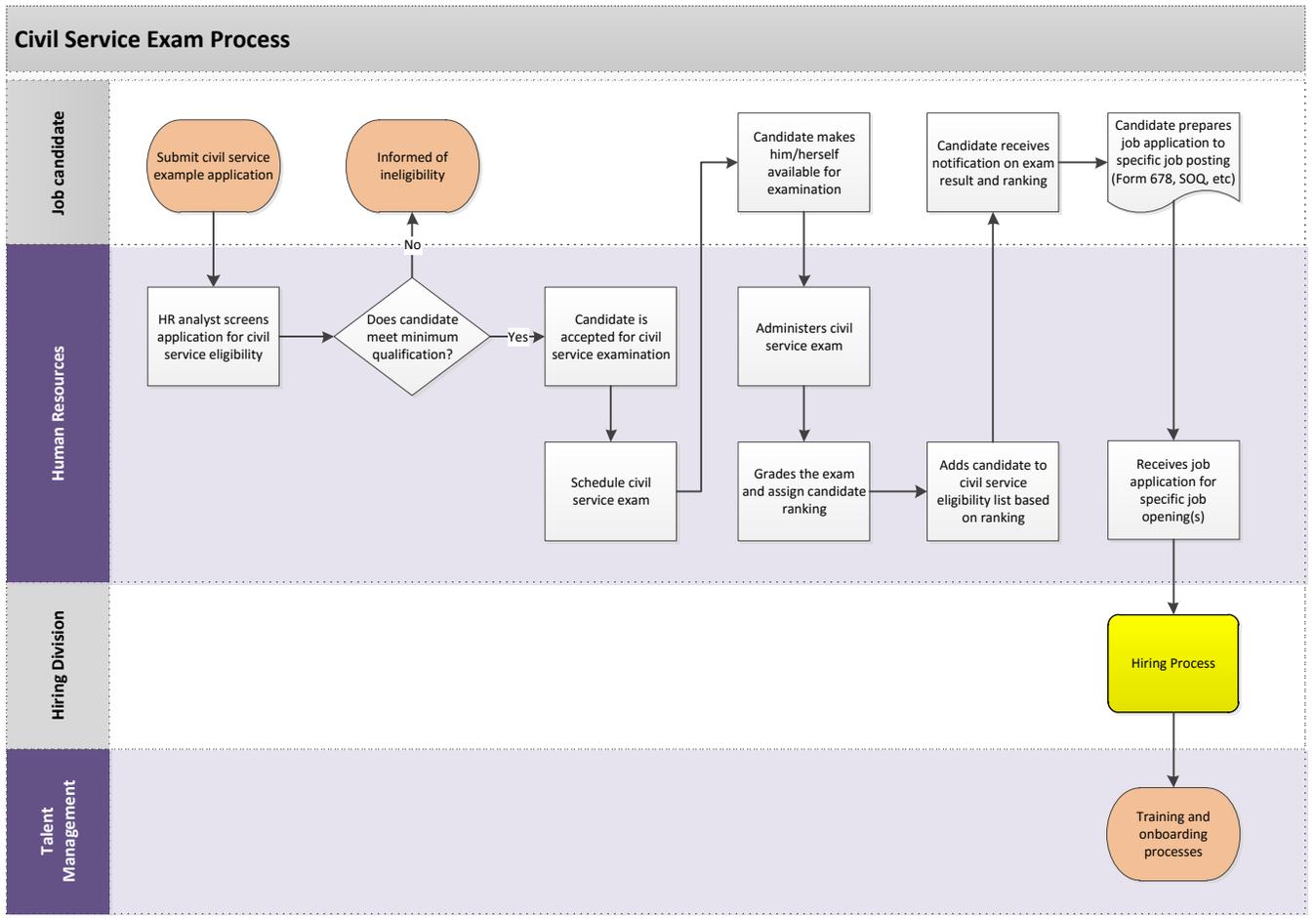
CPUC Human Resource Division has recently been reorganized as People Partners with two sub-units: (1) Human Resources, and (2) Talent Management. Human Resources serves as the operational unit responsible for administering payroll, classification and compensation, disability benefits, performance management, labor relations, and position control. Talent Management serves as the unit responsible for recruiting, onboarding, developing, engaging, and retaining agency workforce. All processes must comply with state personnel requirements overseen by California Department of Human Resources.⁵

Civil Service Exam

This process generates a list of eligible candidates for civil service employment. As most of the positions authorized by the Legislature are civil service positions, this process is an integral step for filling civil service positions as depicted in Figure 4.11. In order for an interested applicant to apply for any vacant civil service position, he or she must become eligible by passing a civil service exam. Once passed, the interested applicant is notified of specific vacancies available throughout the organization, and move toward the hiring process. This process is within the domain of the Human Resources unit within People Partners.

⁵ See California Department of Human Resources website at <http://www.calhr.ca.gov/>.

Figure 4.11 Civil Service Exam Process



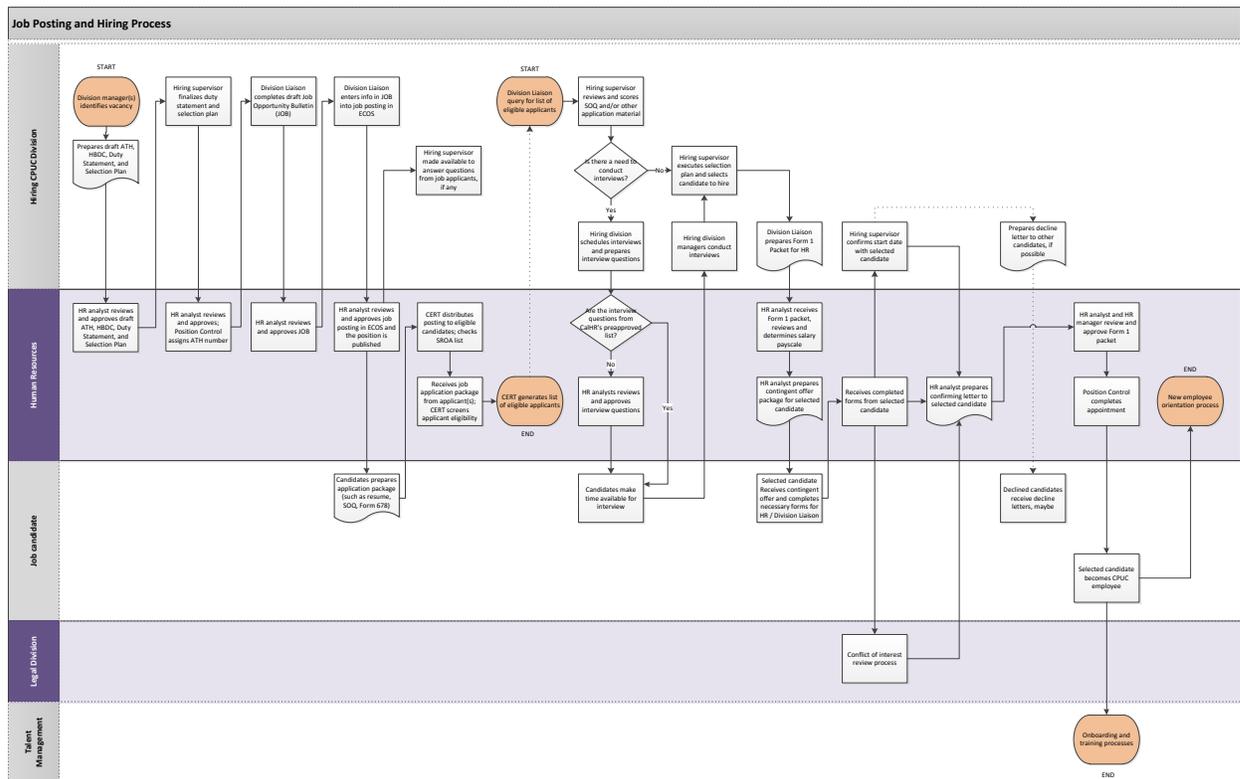
Job Posting and Hiring

The job posting and hiring process dovetails the civil service exam process. This process is logically dependent on potential candidates having gone through the civil service exam process to become eligible for hiring (see Figure 4.11). Because of the complexity and level of staff resource required of People Partners and hiring divisions in job posting and hiring, PPD modeled the job posting and hiring process as its own distinct process, as depicted in Figure 4.12.

Although the job posting and hiring process is inherently one concerned with human resources and agency administration, many responsibilities contained within this process are carried out by the hiring division in addition to the Human Resources Office. This division of labor requires that a hiring package be transmitted multiple times between multiple CPUC work groups prior to candidate selection. This process is within the domain of the Human Resources unit within People Partners.



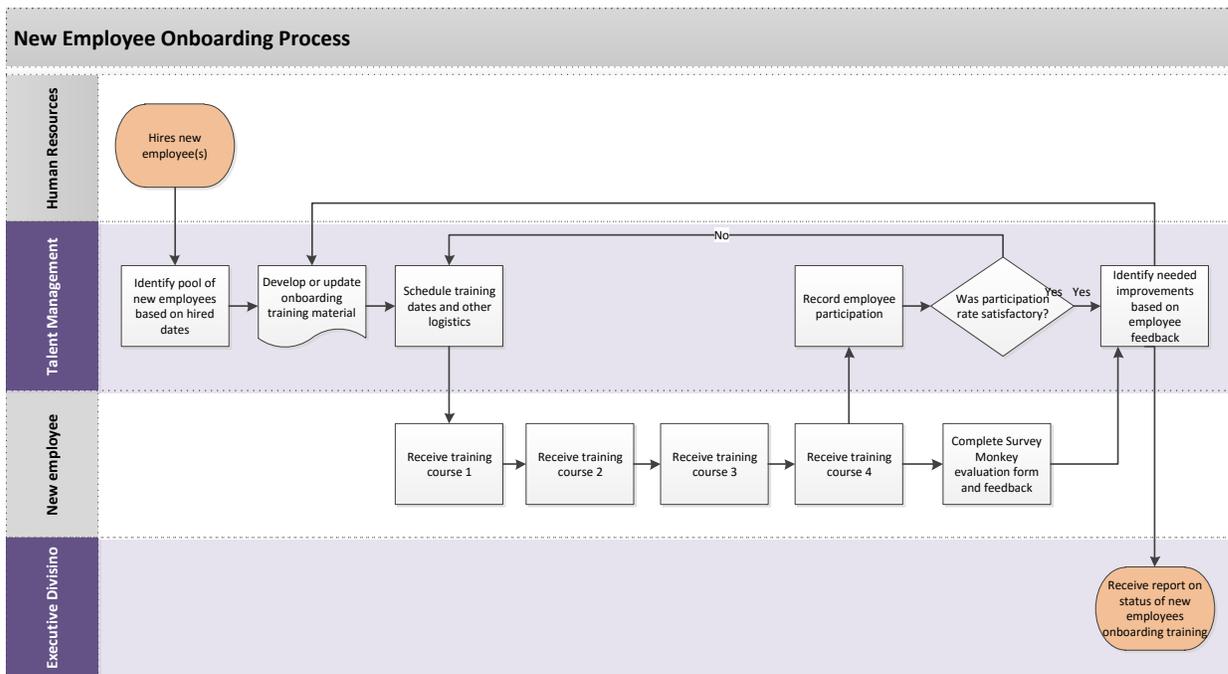
Figure 4.12 Job Posting and Hiring Process



New Employees Onboarding

As the CPUC fills legislative authorized positions, it faces the need to bring new employees up to speed on fundamental knowledge and skill sets that are necessary for smooth integration into the agency workforce. This is the domain of the Talent Management Office, which has a specific program that is delivered throughout the first year of employment as depicted in Figure 4.13 below.

Figure 4.13 New Employee Onboarding

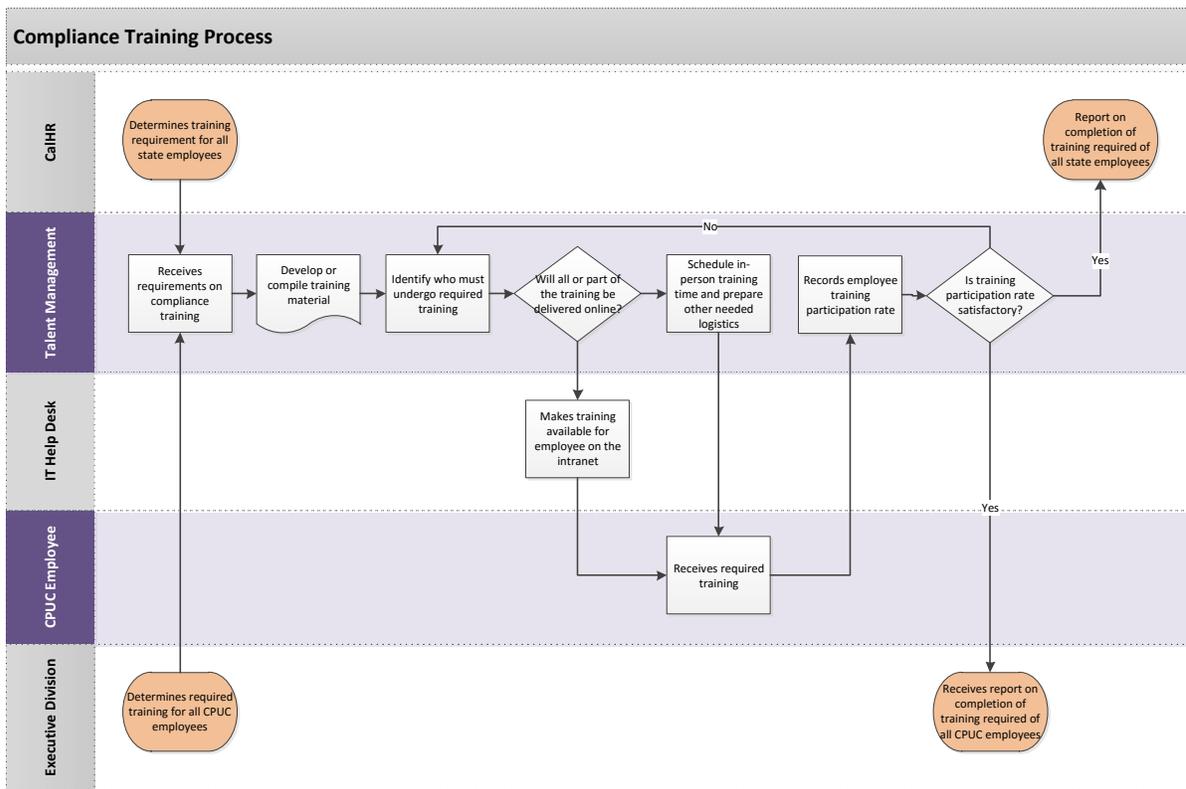


Every new employee is solicited to participate in a four-part onboarding curriculum delivered each quarter designed to familiarize the employee to a set of utilities regulation fundamentals. If a new employee starts on the job in the 3rd or 4th quarter, she or he would participate in the 3rd and 4th quarter onboarding training in the 1st or 2nd quarter of the next calendar year.

Compliance Training

Compliance training for employees includes both trainings that are required by CalHR, as well as those required by the CPUC. These trainings also concern the Equal Employment Office (See Section 4.2). The compliance training process apply to various mandatory training programs such as the sexual harassment training, management training for supervisors, or information security and privacy training, as depicted in Figure 4.14. Employee non-participation in these mandatory training could subject the CPUC to legal liabilities, and the compliance training process seeks to minimize such legal risks.

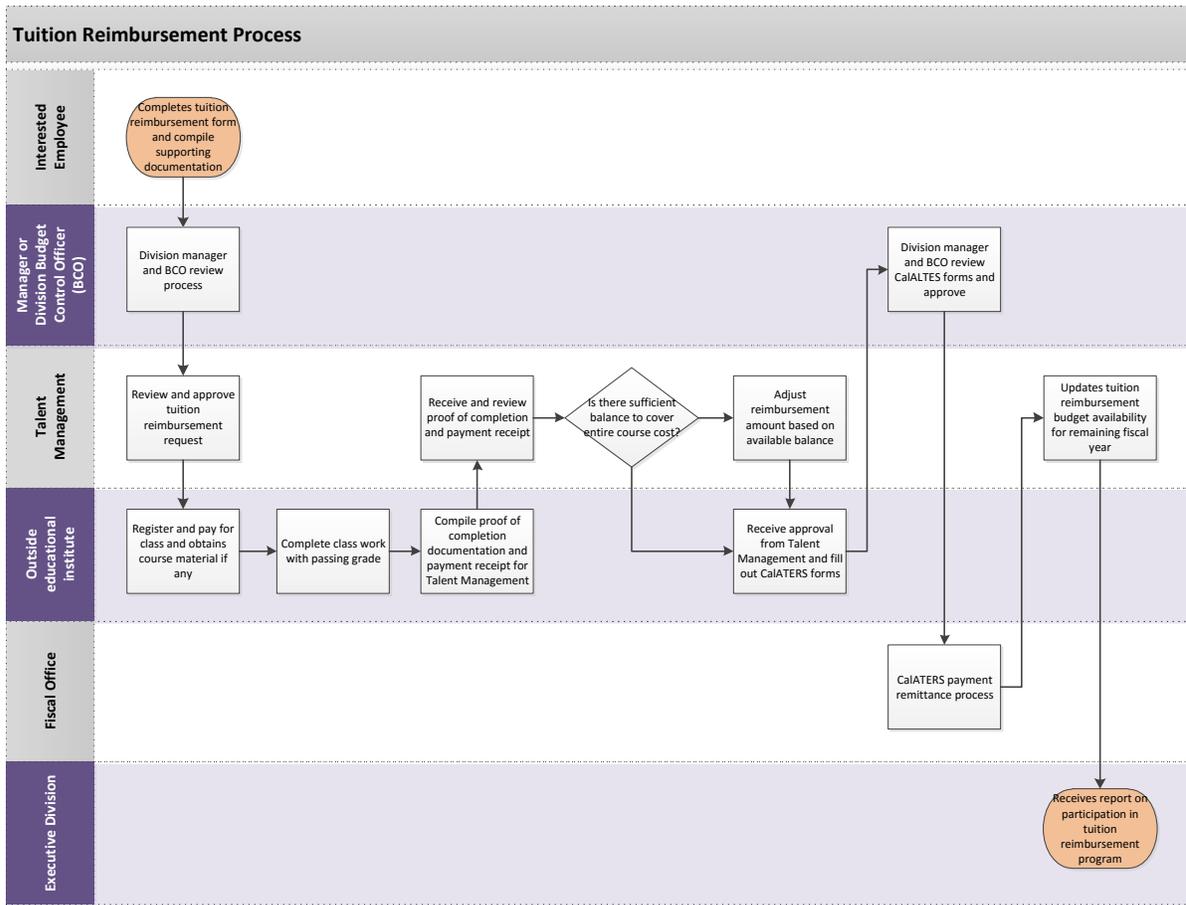
Figure 4.14 Compliance Training Process



Tuition Reimbursement Process

To support employees in expanding work required or work related skill set, the CPUC has a tuition reimbursement program to fund training services provided by outside institutions. The specific training program must be consistent with the employee’s Annual Development Plan, and is selected by the employee with management approval. Tuition and training material expenses are reimbursed by the CPUC upon the employee’s successful completion of the training course with a passing grade. The structure of this process is illustrated in Figure 4.15. The level of allowable tuition reimbursement is subject to internal policy, the collective bargaining process at CalHR and specific employment contracts. The current per-staff allocation for tuition reimbursement is set at \$1,500 per fiscal year.

Figure 4.15: Tuition Reimbursement Process

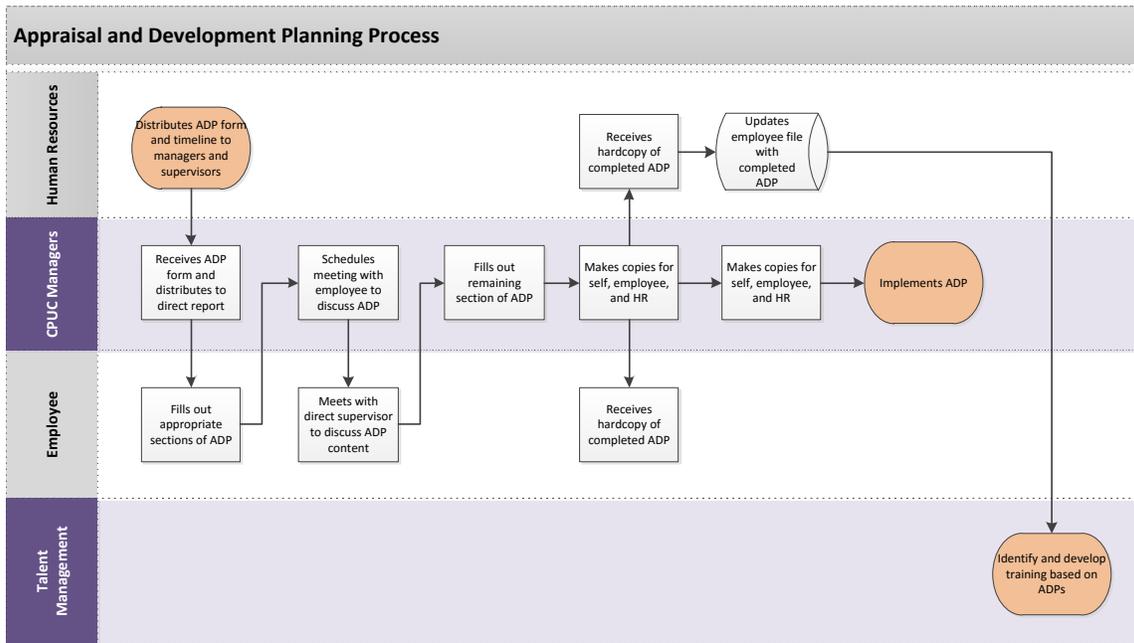


Annual Appraisal and Development Plans

All CPUC employees are required to conduct an annual appraisal and development planning process with their direct supervisor to identify area of skills development. The appraisal and development plans (ADPs) are transmitted from all supervisors to Human Resources to help identify CPUC-wide or division-specific training opportunities. Supervisors and managers are given ADP templates to complete in consultation with a direct report. The direct report would complete certain sections of the ADP, and the direct supervisor would complete certain sections. Both the employee and supervisor would sign off on the completed ADP prior to transmitting the form back to Human Resources to add to the employee’s file.

The archive of employees’ ADPs provides CPUC managers with valuable insights into ways to provide career development services and enhance workplace learning. Statistics associated with these ADPs can also help human resource managers identify whether existing training programs are sufficient in meeting employees’ collective career development needs.

Figure 4.16 Appraisal and Development Planning Process



4.2 Equal Employment Office

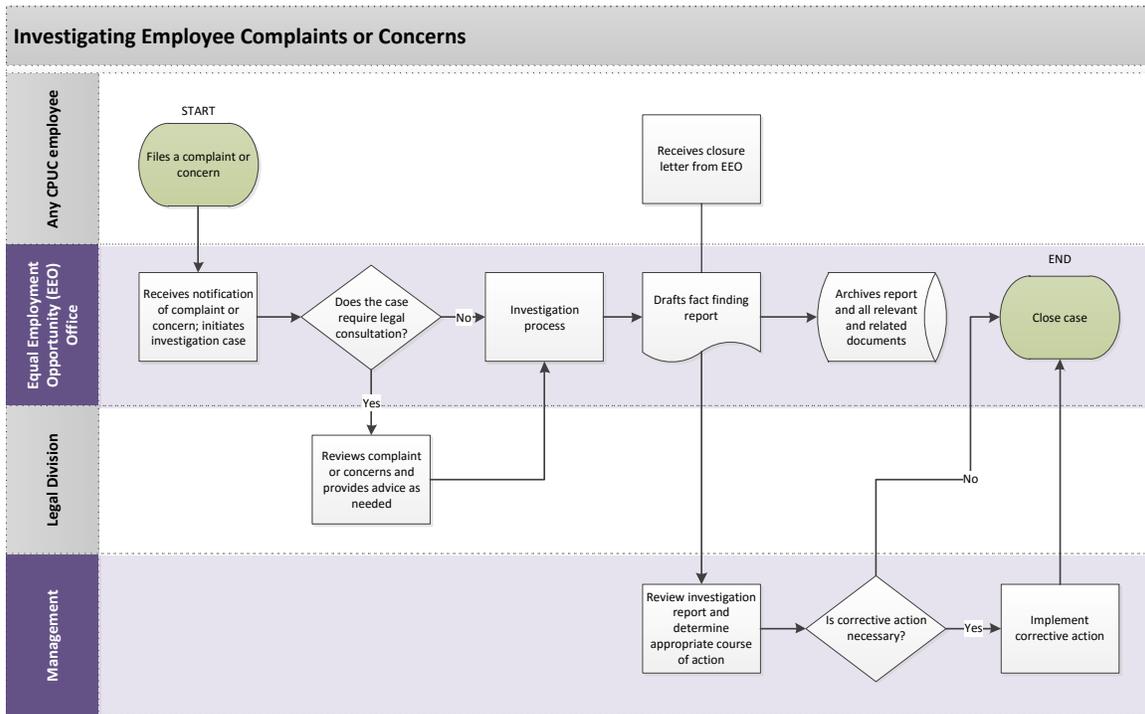
The Equal Employment Office (EEO) is tasked with working with management to make sure all CPUC employees and applicants receive equal employment opportunities consistent with state and federal law and with CPUC policy. The CPUC’s strong commitment to prohibiting and preventing discrimination, harassment, and retaliation based on protected status is articulated in the CPUC’s policy and procedure, attached hereto.

In addition, the EEO works with employees and their management to ensure that qualified applicants and employees with disabilities receive the reasonable accommodation that they require in order to perform the essential functions of their position. The CPUC’s policy and procedure for providing reasonable accommodation is attached.

As a part of the CPUC’s commitment to prevention, the EEO coordinates and oversees training for supervisory staff as well as non-supervisory staff on equal employment issues. The EEO also participates in the Disability Advisory Committee which provides advice and guidance to the Executive Director on important issues related to inclusion of those with disabilities.



Figure 4.21 Investigations of Employee Complaints or Concerns



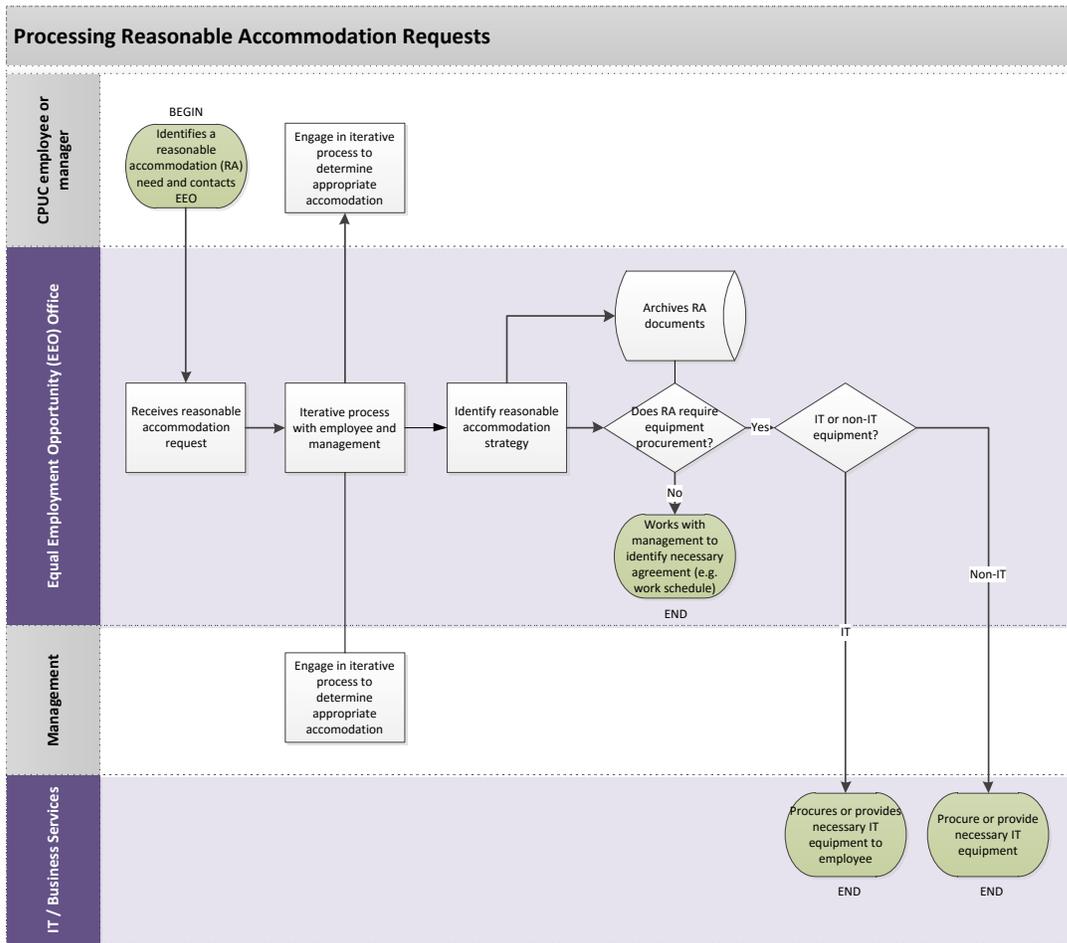
The EEO provides reasonable accommodation for the known physical or mental disability of an otherwise qualified applicant or employee where the reasonable accommodation would enable the individual to perform the essential functions of the position. The EEO’s Reasonable Accommodation Coordinator will engage in an “Interactive Process” with the applicant/employee for the purpose of determining if a reasonable accommodation will enable the applicant or employee to perform the essential functions of the position.

An employee who needs a reasonable accommodation to perform the essential functions of his or her position can access the “Request for Reasonable Accommodation” form (RA1) and the “Physician/Health Care Provider’s Certification of Employee’s Disability and Need for Reasonable Accommodation” form (RA3) on the CPUC intranet page

For employee with special equipment or scheduling needs, EEO works with the employee and the employee’s management to ensure that the necessary equipment or scheduling arrangement can support workplace performance.



Figure 4.22 Reasonable Accommodation Requests



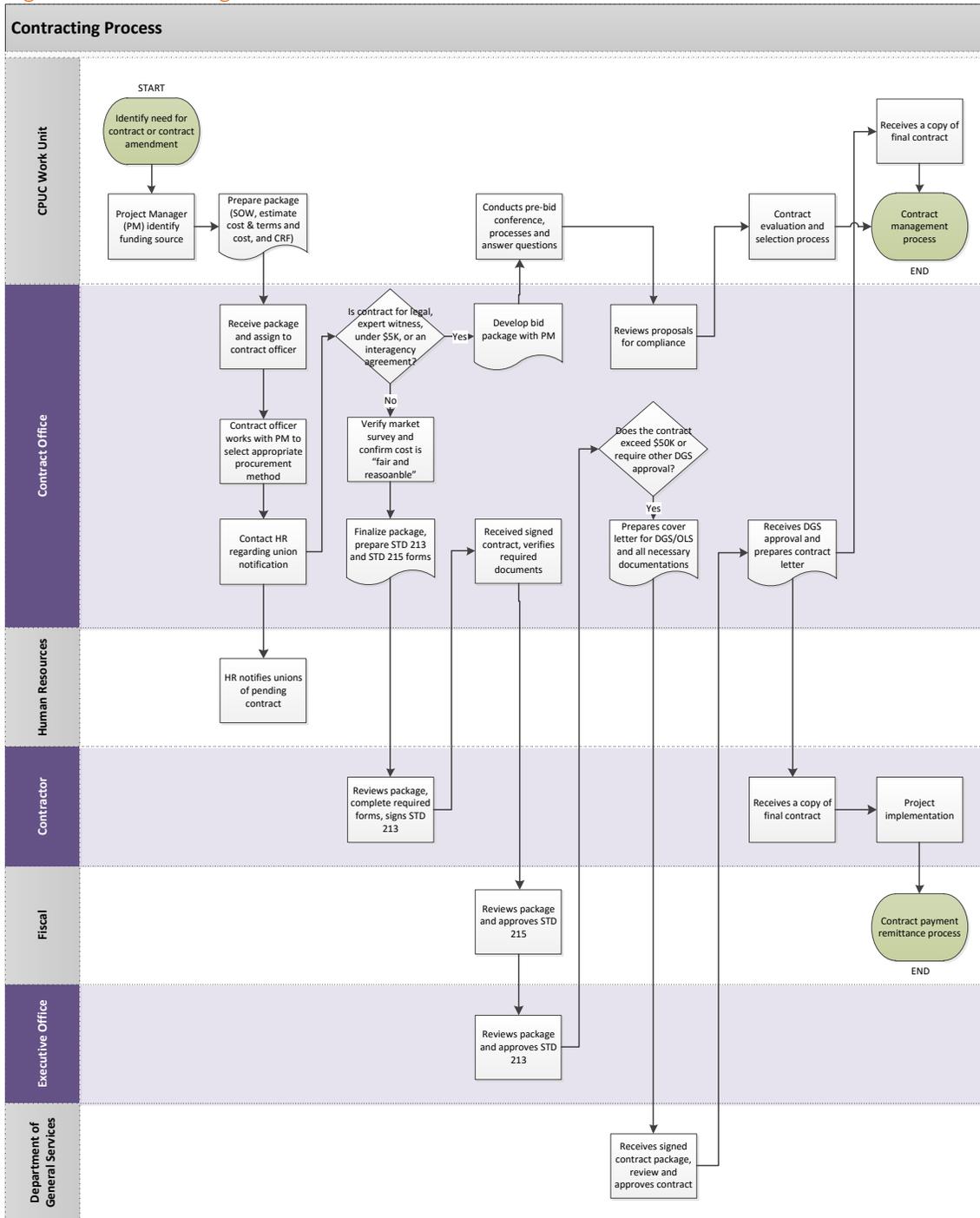
4.3 Contract Office

The CPUC contract office is responsible for maintaining quality assurance for all agency contracts for outside non-IT service providers. It regularly works with internal project managers and external agencies to ensure effective service procurement and contract management. Its main process to facilitate contract preparation and execution is illustrated in Figure 4.31. A project manager must prepare all required documentation (statement of work, cost estimates, etc.) before a contract proposal can be reviewed by Executive Division.

For proposed contracts over \$50,000 within a fiscal year, the proposed contract must be also reviewed and approved by the Department of General Services prior to contract execution. Once executed, a contract is subject to on-going contract management processes to ensure that the contracted service is provided in compliance with approved contract terms.



Figure 4.31 Contracting Process



4.4 News and Outreach Office

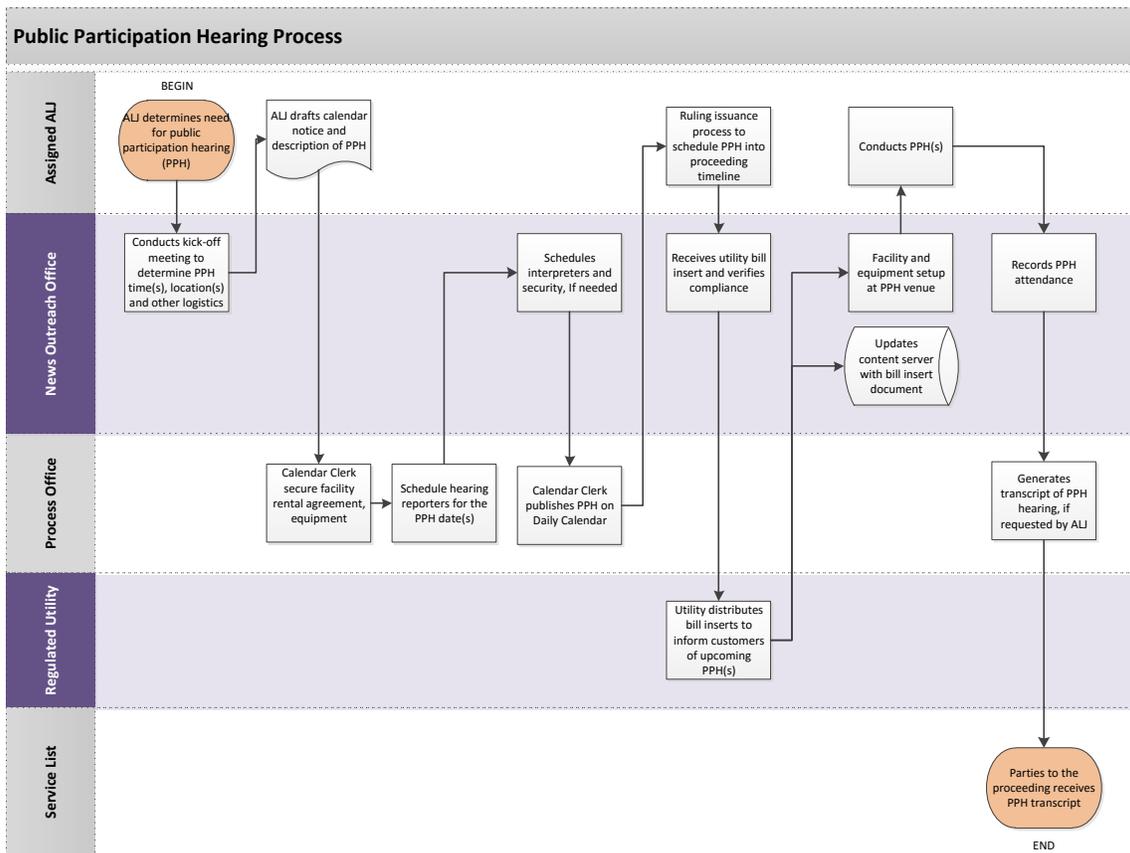
The News and Outreach Office is comprised of three sub-units: (1) Public Advisor’s Office, (2) Business as and Community Outreach, and (3) News. The News and Outreach Office provides key public outreach and support for Commissioners, ALJ Division, and other CPUC work units as requested.

Public Advisor’s Office

One of the responsibilities of the Public Advisor’s Office (PAO) is to organize the logistics necessary, in coordination with ALJ Division’s Process Office, to support individual ALJs in conducting Public Participation Hearings (PPHs). These hearings are held in all parts of the State, often within the context of major rate-setting issues such as a General Rate Case, where utility customers may be facing a utility rate increase. The PPHs allows Commissioners, ALJs and the CPUC staff to hear directly from affected customers on a utility’s proposal. The process to carry out a PPH is illustrated below in Figure 4.41.

The PAO is also responsible for facilitating public comments at CPUC voting meetings, where any member of the public can speak directly to Commissioners to convey her or his concerns regarding any CPUC-regulated entity.

Figure 4.41 Public Participation Hearings

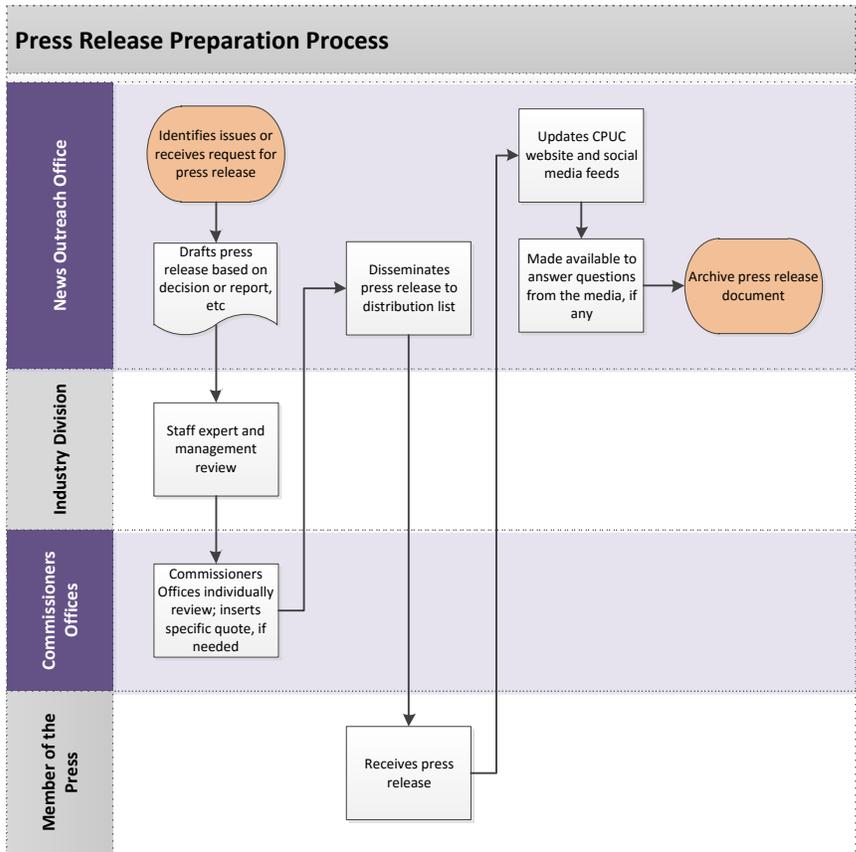




News and Public Information

One of the responsibilities of the News unit is to work with Commissioners, managers, and staff in preparing press releases for distribution. This process is generally associated with major decisions or action of the CPUC, as illustrated by Figure 4.42 below. If any member of the press has questions regarding CPUC actions, the News unit is also responsible for managing these inquiries. This process often relies on subject matter staff from other CPUC work units to help craft the appropriate information.

Figure 4.42 Press Release Preparations



Business and Community Outreach

One of the responsibilities of the Business and Community Outreach unit is to manage the CPUC’s diversity procurement program under GO-156, as illustrated by Figure 4.43, and carries major logistical tasks associated with CPUC *en banc* hearings, as illustrated in Figure 4.44. It also is responsible for providing information services to local government officials throughout the state in consultation with the Office of Governmental Affairs (See Section 5.3).



Figure 4.43 General Order 156 on Diversity Procurement

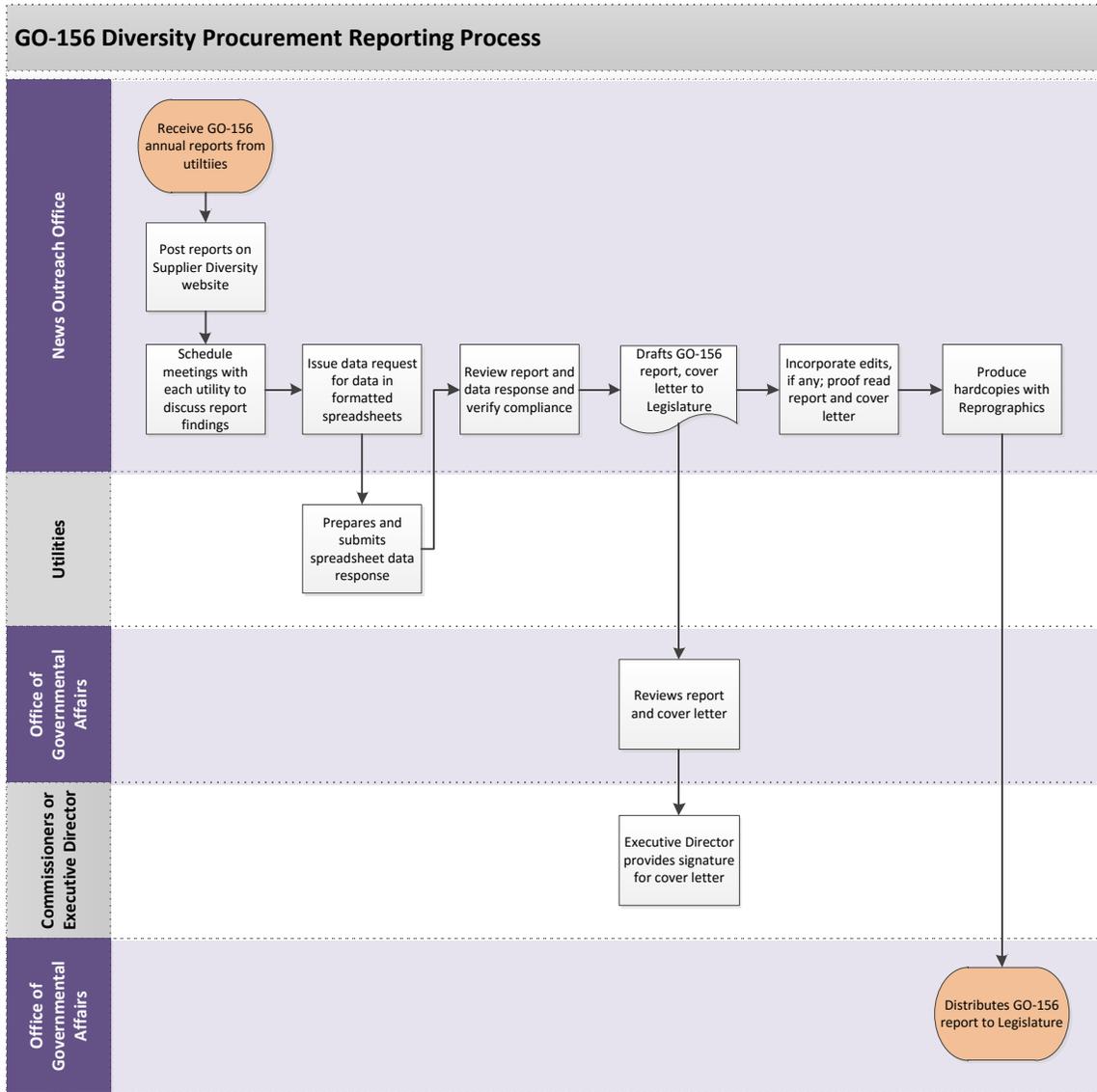
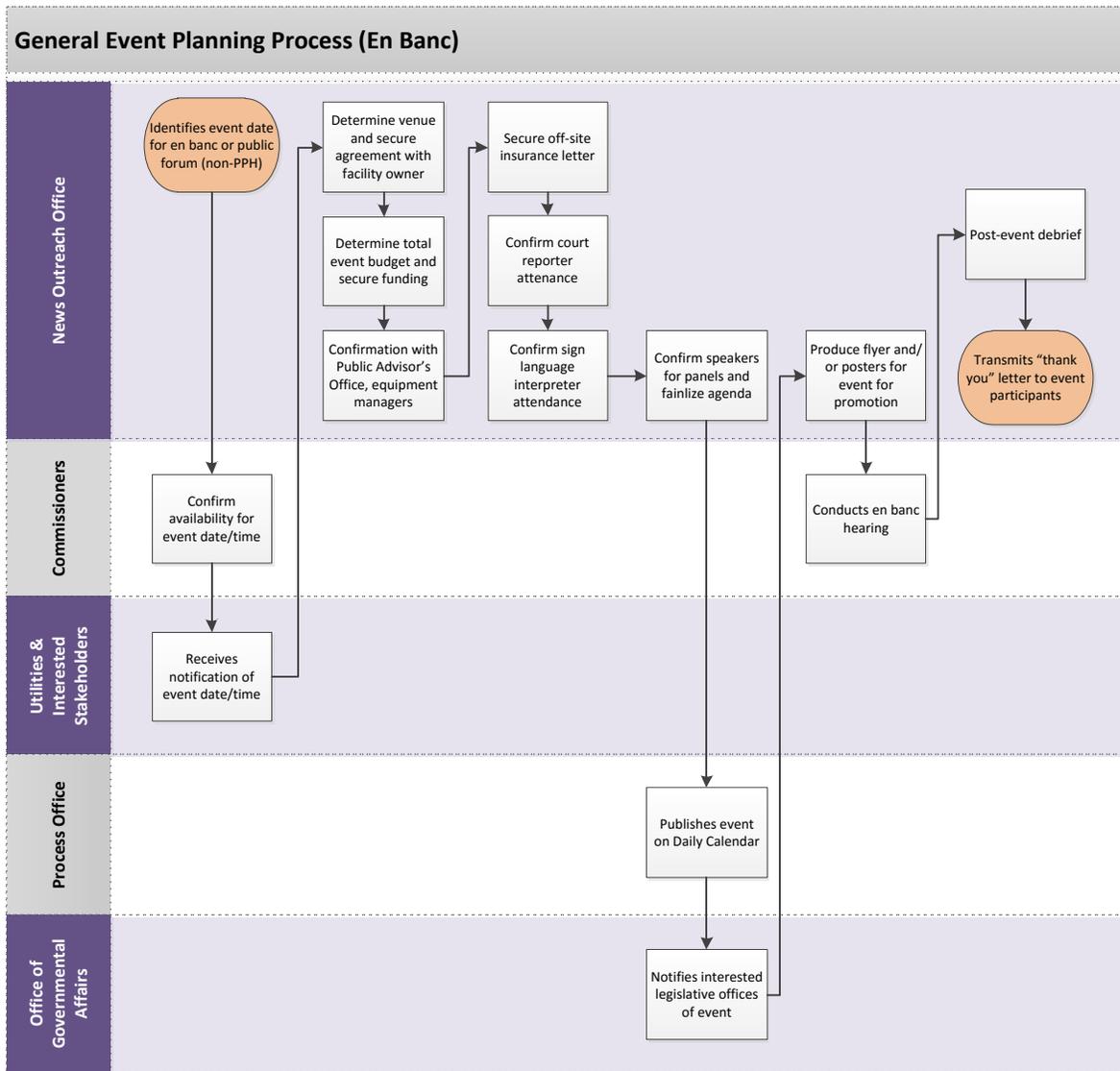




Figure 4.44 General Event Planning and En Banc Hearing Preparation



4.5 Information Technology

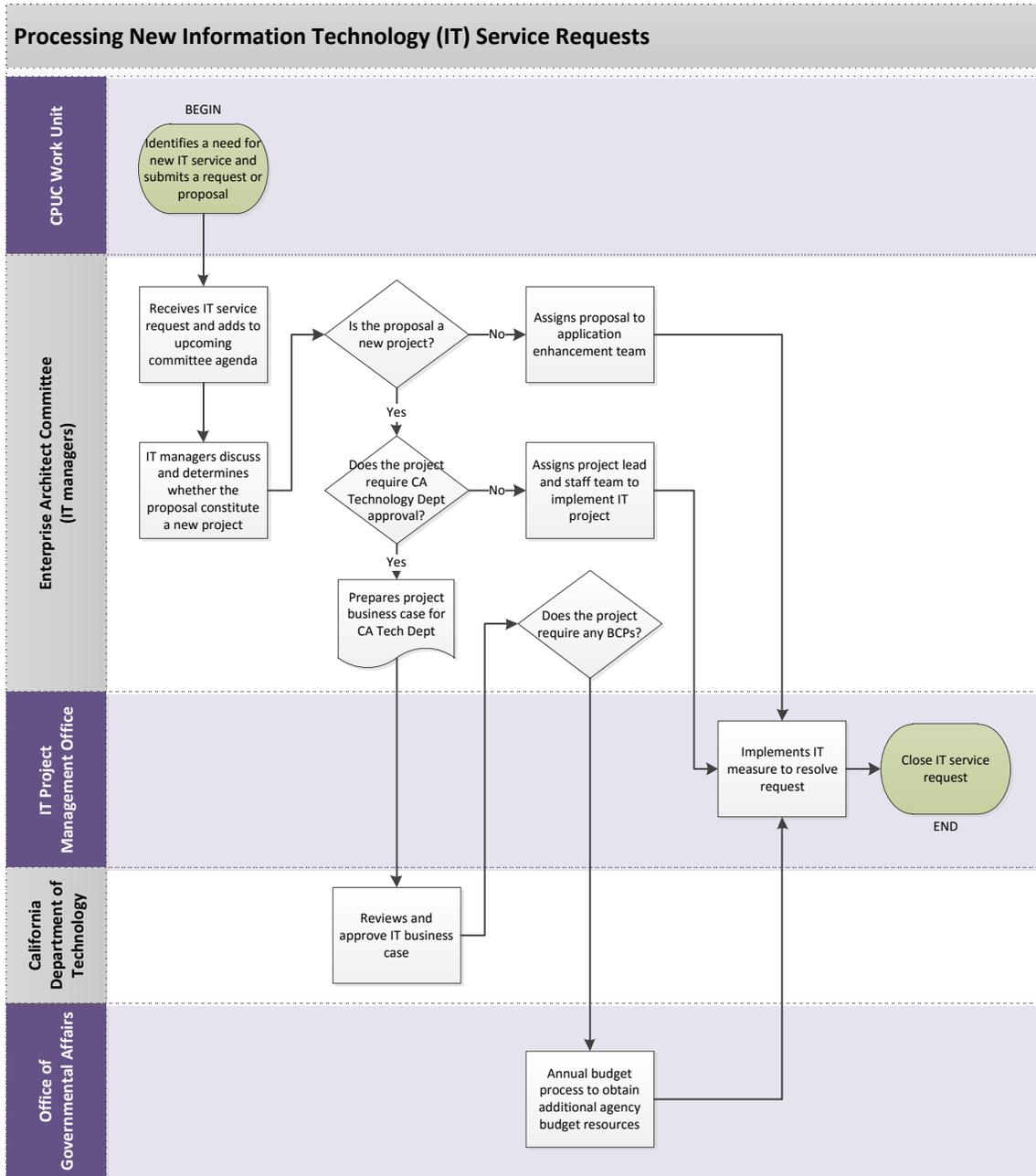
The Information Technology (IT) group is responsible for ensuring effective and functioning IT equipment and services to support all other CPUC work units. From ensuring cyber-secure and effective functioning of e-mail servers to document management systems, the IT unit also custom-build computer application and database systems to support regulatory programs across all industry areas.

To meet the IT needs of the agency, the IT group has a process to allow all other work units to propose IT projects, review these projects for staffing needs and prioritization, and assigning appropriate staff assignment for implementation. Any new IT projects over \$50,000 must be reviewed and approved by the California Department of Technology before



project implementation.⁶ The process to determine project resource needs is illustrated in Figure 4.41. Certain project ideas are proposed in order to fulfill statutory requirements, for example, a database system to track staff-issued safety citations. Other project ideas are proposed to enhance existing processes, such as transitioning staff training request and approval process from a paper-based one to an electronic one.

Figure 4.51 Processing New IT Service Requests



⁶ All qualifying IT procurement are subject to the requirements and oversight of the California Department of Technology at <http://www.cio.ca.gov/ppmo/>.



5. MANAGEMENT & OVERSIGHT PROCESSES

Management and Oversight Processes include those that allow executive managers and Commissioners to ensure that all CPUC work units can function cohesively with one another by placing control mechanisms on both regulatory program staff and regulated entities.

5.1 Utility Audit, Finance, and Compliance

The CPUC audit process group includes processes used by the Utility Audit, Finance, and Compliance Branch (UAFCB) to conduct external audits on regulated entities. Certain audits are regularly conducted pursuant to Public Utility Code mandates, while others are conducted in response to specific CPUC orders as needed.

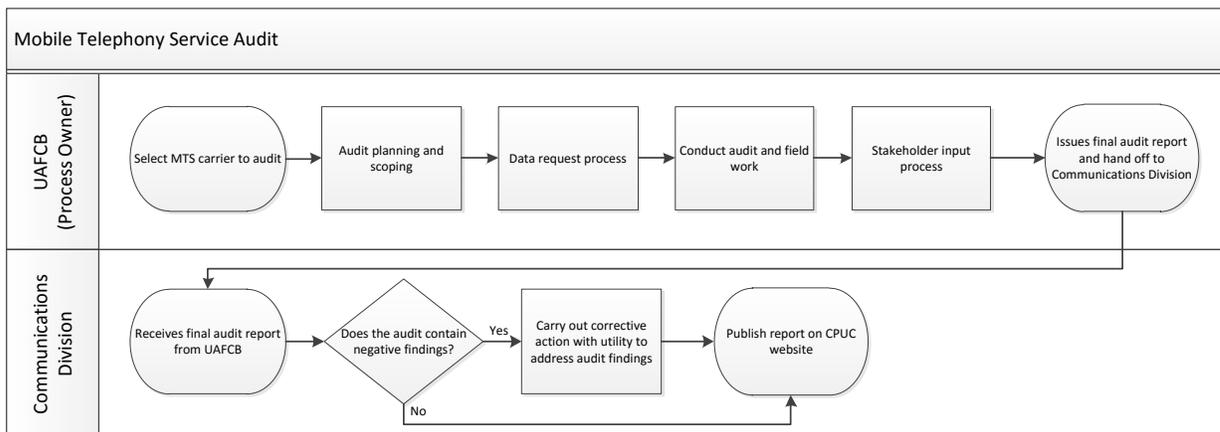
The purpose of UAFCB is to provide auditing, accounting, financial, and advisory services to CPUC executive management on regulated utilities and public purpose programs. Through its audits, UAFCB monitors compliance with laws and regulation, as well as performs additional research, analysis, and assessments based on results of utility audits or requests from the CPUC. UAFCB have five main processes it relies on to carry out its work. These are the processes associated with these five major work areas: (1) mobile telephony services surcharge audits, (2) electric procurement audits, (3) telecommunications public purpose programs audits, (4) Public Utilities Code Section 314.5 audits, and (5) audits initiated in response to specific CPUC orders.

Mobile Telephony Service Audit

The Mobile Telephony Service (MTS) Audit is a direct response to Assembly Bill (AB) 1717 (Perea, Ch. 885, 2014) which created a new point-of-sale mechanism for the collection and remittance of tax and fees on prepaid wireless telephone services.⁷ Pursuant to PU Code Section 274 and 314.5, all reporting and remittance are subject to audit verification by the CPUC. Carriers are expected to maintain records pertaining to intra-state billings and collection for at least 5 calendar years to support the audit process.

⁷ For background see <http://www.cpuc.ca.gov/general.aspx?id=9958>

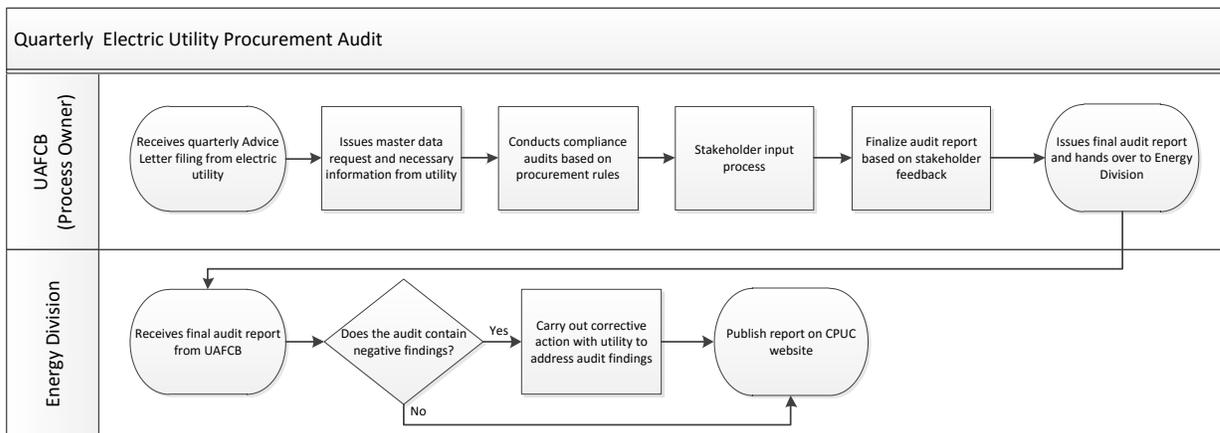
Figure 5.11 Mobile Telephony Service Audit



Quarterly Electric Utility Procurement Audit

The Quarterly Compliance Report (QCR) report is a quarterly Advice Letter filing submitted by the large electric utilities as part of their “bundled” procurement process under AB 57 (Wright, Ch. 835, 2002). A large electric utility’s approved bundled procurement plan contains standards on how a utility should carry out energy market transactions on behalf of its bundled customers. These quarterly audits are intended to provide measurement and monitoring on whether actual procurement transactions adhere to CPUC-approved rules.

Figure 5.12 Electric Utility Procurement Audit



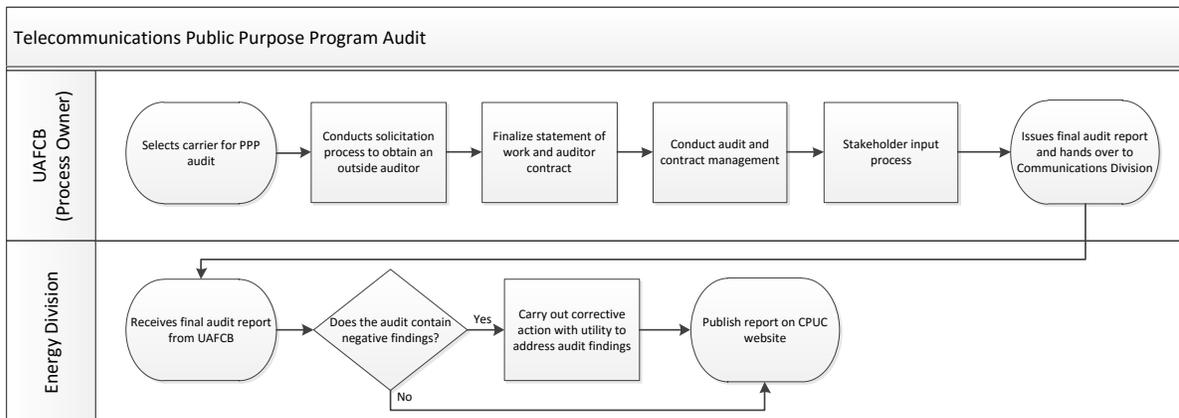
Telecommunications Public Purpose Program Audits

The telecommunications public purpose program (PPP) audits are intended to ensure these programs are carried out in accordance to governing state law and CPUC orders. UAFCB contracts out for these audits. Recent examples include audits of six utilities’ California Lifeline Program costs and activities and five utilities’ California Teleconnect Fund Program costs and activities. Currently underway are contracted audits of 45 utilities’ public purpose



program surcharge collection and remittance practices. These audits are conducted in compliance with Public Utilities Code Section 274.

Figure 5.13 Telecommunications Public Purpose Program Audit



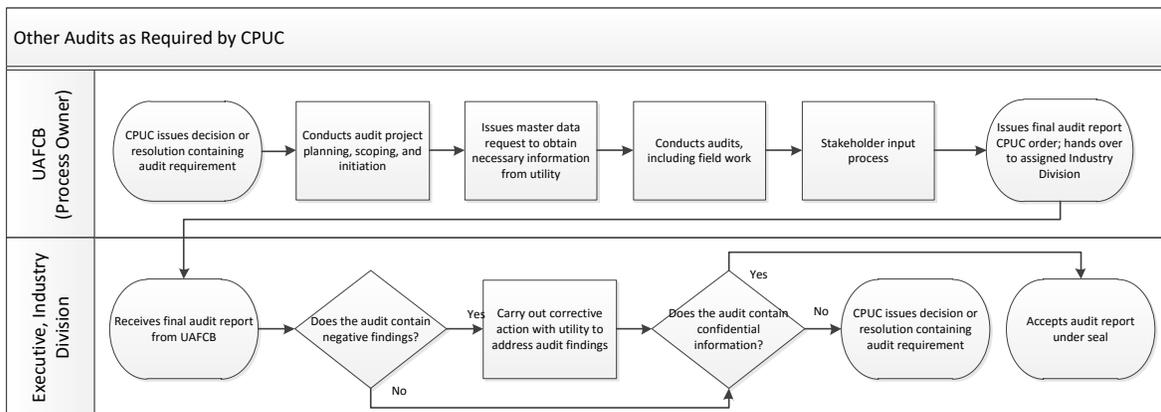
Public Utilities Code Section 314.5 Audits

Public Utilities Code Section 314.5 requires the CPUC to regularly conduct audits on the utilities it regulates. UAFCB is currently conducting water utility financial audits and audits of the energy utilities’ balancing accounts.

Other Audits as Required by CPUC Regulatory Order

If appropriate, the CPUC may require additional audits be conducted on a regulatory program through a formal decision process. For example, the CPUC has ordered UAFCB to conduct audits of the energy efficiency programs. The CPUC uses the results of these audits when evaluating the utilities’ request to receive energy efficiency program incentives. Other audits recently ordered by the CPUC include audits of a large water utility’s procurement processes and the utilities’ supplier diversity program reporting. These audits as required become concrete projects for UAFCB and follow a standard process.

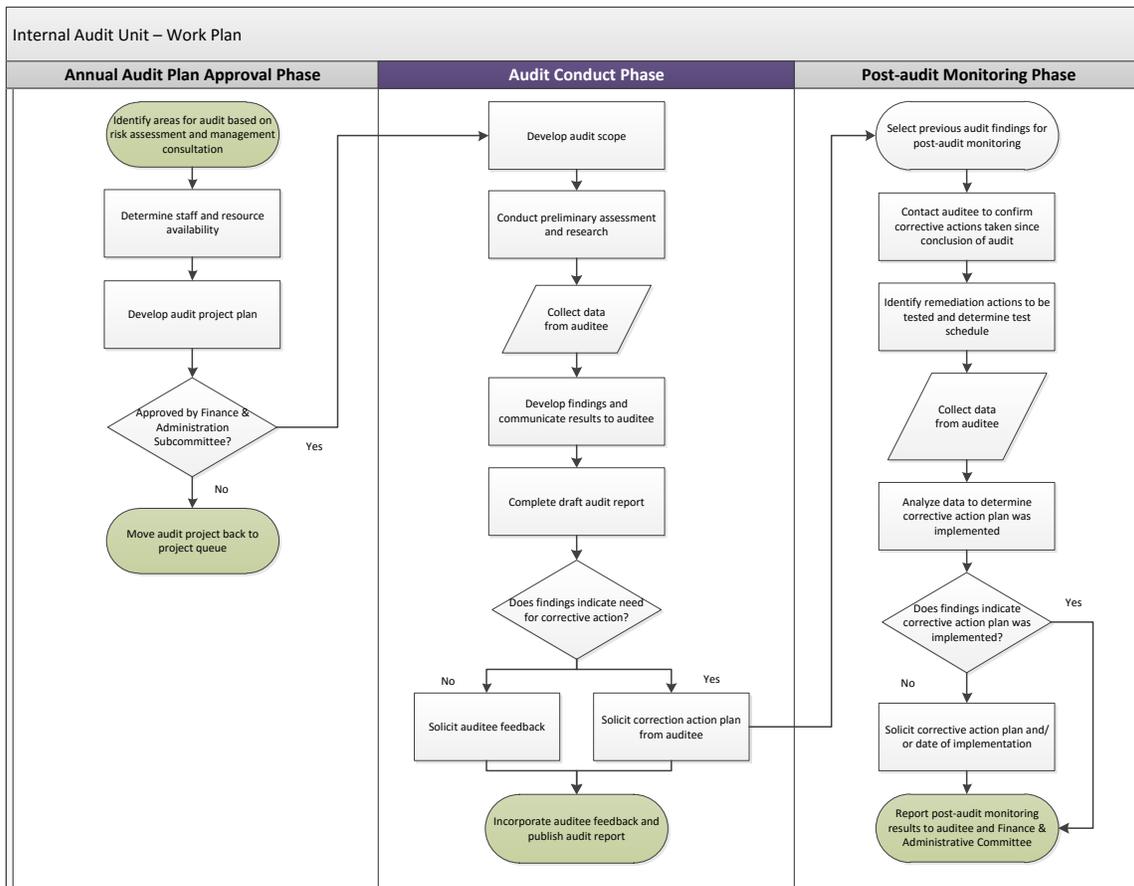
Figure 5.14 Other Audits as Required



5.2 Internal Audit Unit

The Internal Audit Unit conducts internal audits approved by the Commissioners' Finance & Administrative Subcommittee to ensure that any CPUC work unit is effectively carrying out its responsibilities in compliance with statutory requirements. To plan out its work on an annual basis, the Internal Audit Unit group goes through a work planning process. Once an audit project has been approved by Commissioners, a project moves to the audit conduct and post-audit monitoring phase.

Figure 5.21 Internal Audit Unit's Work Planning Process



5.3 Office of Governmental Affairs

The Office of Governmental Affairs (OGA) is tasked to represent the CPUC before the State Legislature and other oversight bodies such as Department of Finance. It supports CPUC Commissioners and managers in navigating through the legislative and budget processes.

OGA processes, hence, is mainly structured in a way to allow CPUC to participation in these two time-sensitive external processes. Frequently, OGA works directly with division managers to provide technical assistance to members of the legislature on matters related to CPUC-administered statutory programs. In the case where Commissioners have voted to



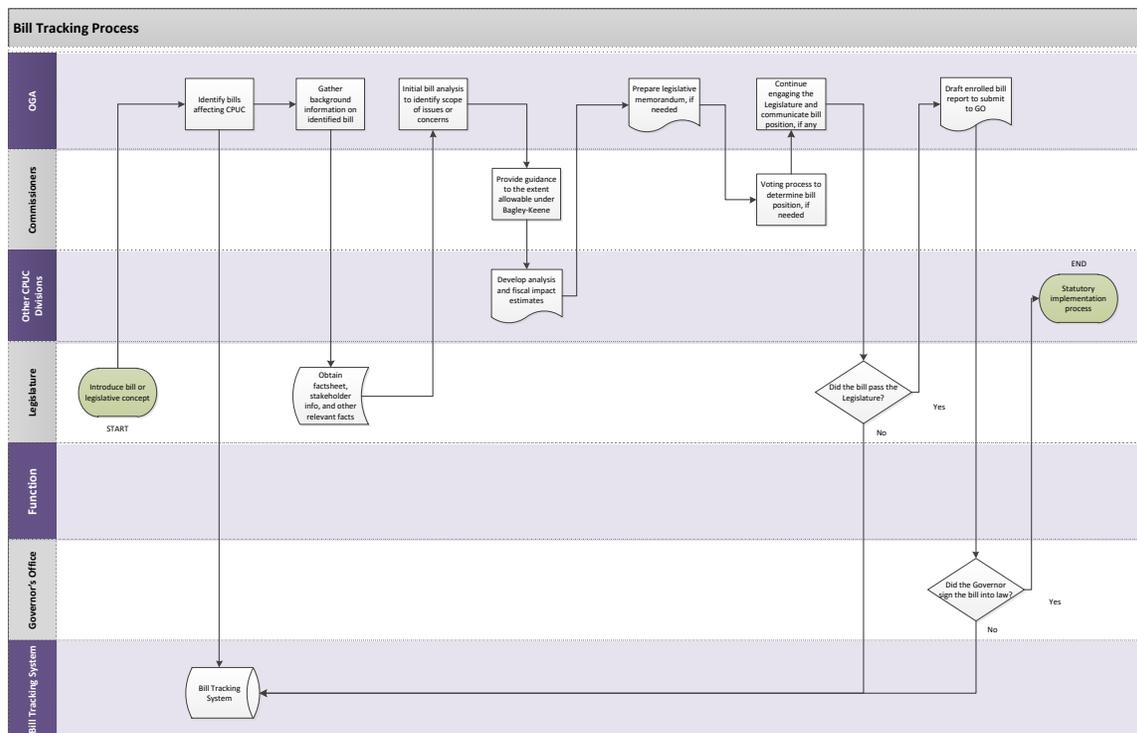
take a position on a piece of proposed legislation, OGA conveys this position by testifying on behalf of the CPUC in legislative committee hearings.

Bill Tracking Process

The core and day-to-day work of OGA involves tracking the voluminous set of bills introduced by the Legislature in each legislative cycle. OGA staff identifies bills that could impact the CPUC or any CPUC-administered programs; keeps tracks of any bill amendments; facilitates the internal bill review process with Commissioners and managers; provides background research support for Commissioners and managers as needed; and, if the Commissioners adopts a formal positions, participates in the bill hearing process at the State Capitol to communicate the position to members of the legislature as well as other stakeholders. This general bill tracking process is laid out in Figure 5.31 below.

In the case a bill has been enacted into law, the bill tracking process ends with the statutory implementation process that is handled by an industry division or the ALJ division. The start and end of this process is synchronized to the State Assembly and Senate’s legislative calendar.

Figure 5.31 Bill Tracking Process



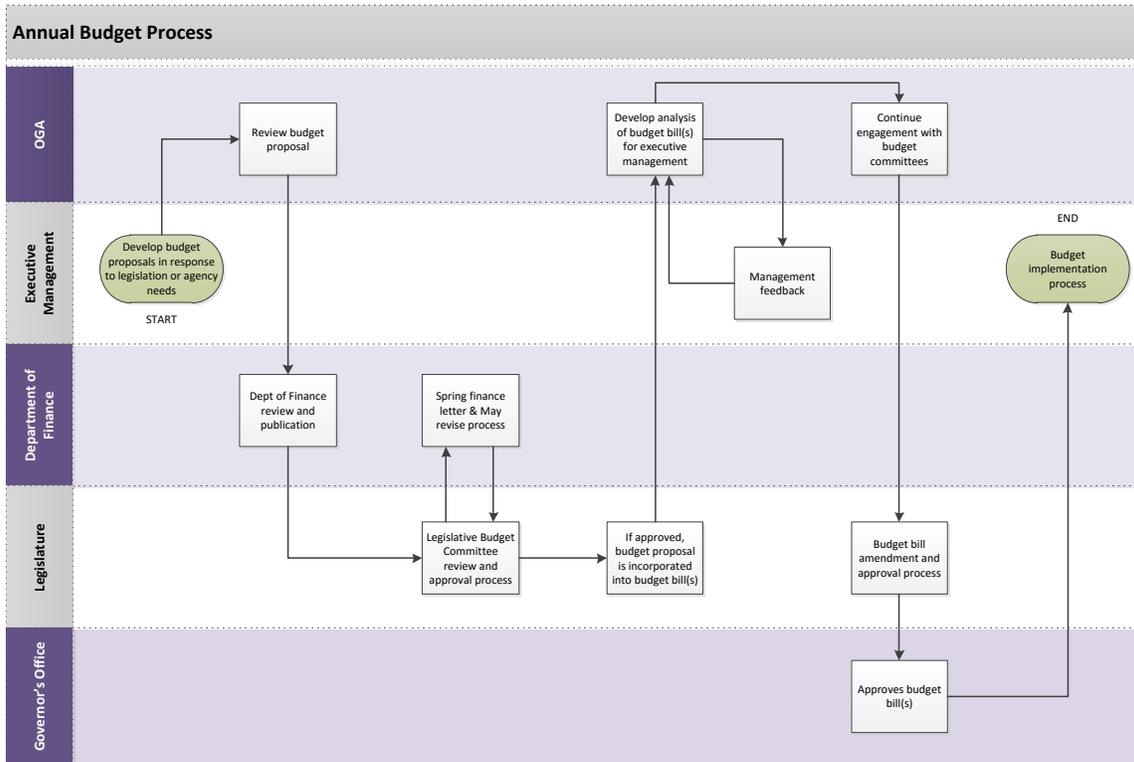
Annual Budget Process

In addition to participating in the legislative process, OGA also supports executive managers in the annual budget process. In this capacity, OGA staff supports executive managers in devising budget change proposals to Department of Finance and the State Legislature. It also represents the CPUC in the budget hearing process to explain and substantiate the need



for the requested budget change. This process comes to an end each June, the State’s budget deadline, as illustrated in Figure

Figure 5.32 Budget Process

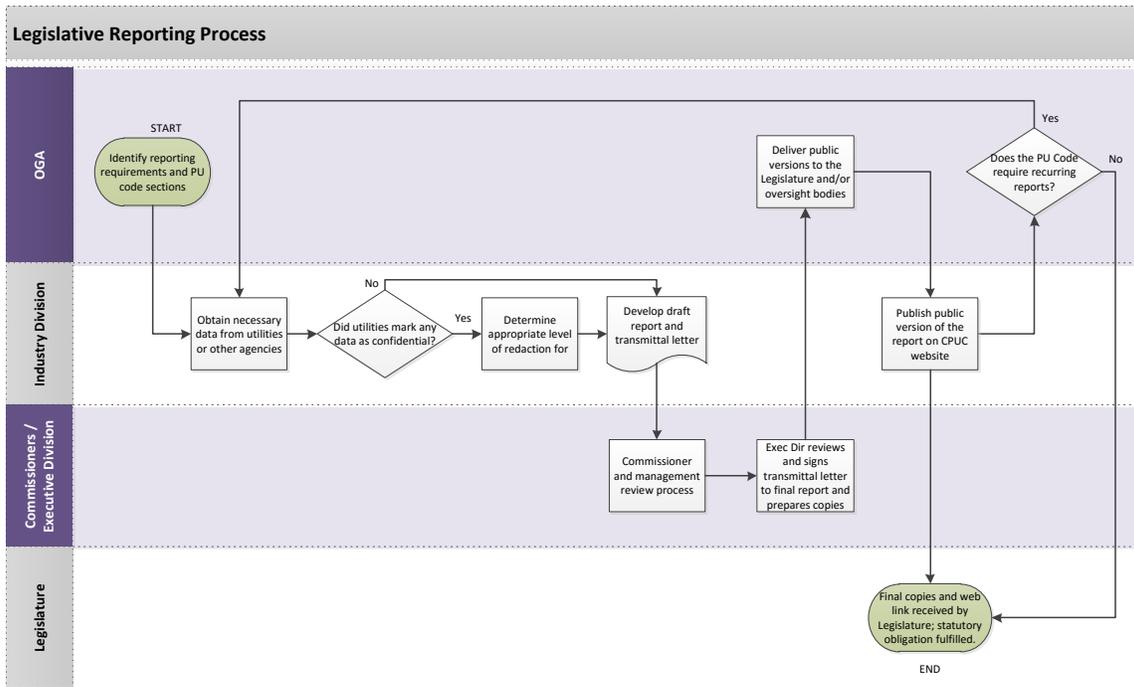


Annual Budget Process

The last major work process managed by OGA is the legislative reporting process. The CPUC is required by the State Legislature to submit a variety of reports related to its obligation and statutory programs. OGA also handles ad hoc data requests by any member of the Legislature on issues within the CPUC’s purview. OGA is tasked to ensure compliance and timeliness to meet these legislative mandates and requests, and works with other CPUC divisions to produce a legislative report or data response, as illustrated in Figure 5.33.



Figure 5.33 Legislative Reporting Process

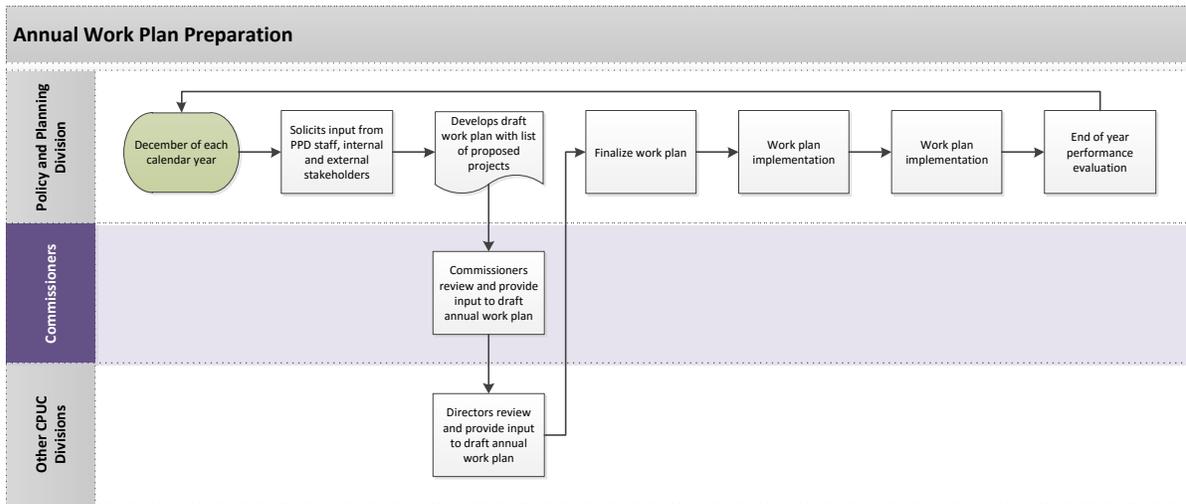


5.4 Policy and Planning Division

The Policy and Planning Division (PPD) is tasked with providing research support to CPUC Commissioners, Executive Division, and other CPUC work units, as requested. This is usually accomplished through drafting policy white papers and memos, producing public forums on emerging policy issues, and other policy research tasks as needed. About 60-70 percent of PPD’s work is planned out one year in advance through the development of its annual work plan at the end of each calendar year. The annual work plan is a document that outlines the targeted performance objectives for the next calendar year. In creating and implementing this annual work plan, PPD regularly consults with Commissioners and other CPUC division management to ensure that its work products will add incremental value to the CPUC as a whole. This process is laid out in Figure 5.41 as follows.

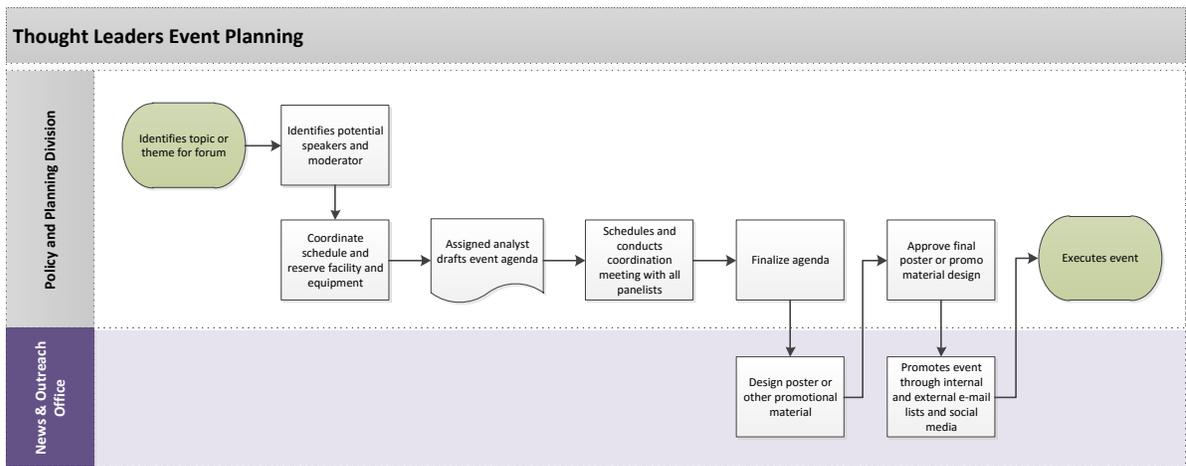


Figure 5.41 Policy and Planning Division’s Annual Work Planning Process



The PPD Annual Work Plan includes a target number of public forums that PPD plans to host on various emerging policy topics. After the work plan has been approved by the CPUC Commissioners, PPD organizes and plans these “thought leaders” event by following the process as laid out in Figure 5.41. The topics of the thought leaders’ event can vary depending on Commissioner or staff interests. The assigned staff is tasked to identify and secure speakers for these events, then to work with the New and Outreach Office to produce event promotional material and publicize the event to interested internal and external stakeholders.

Figure 5.42 Thought Leaders Event Planning

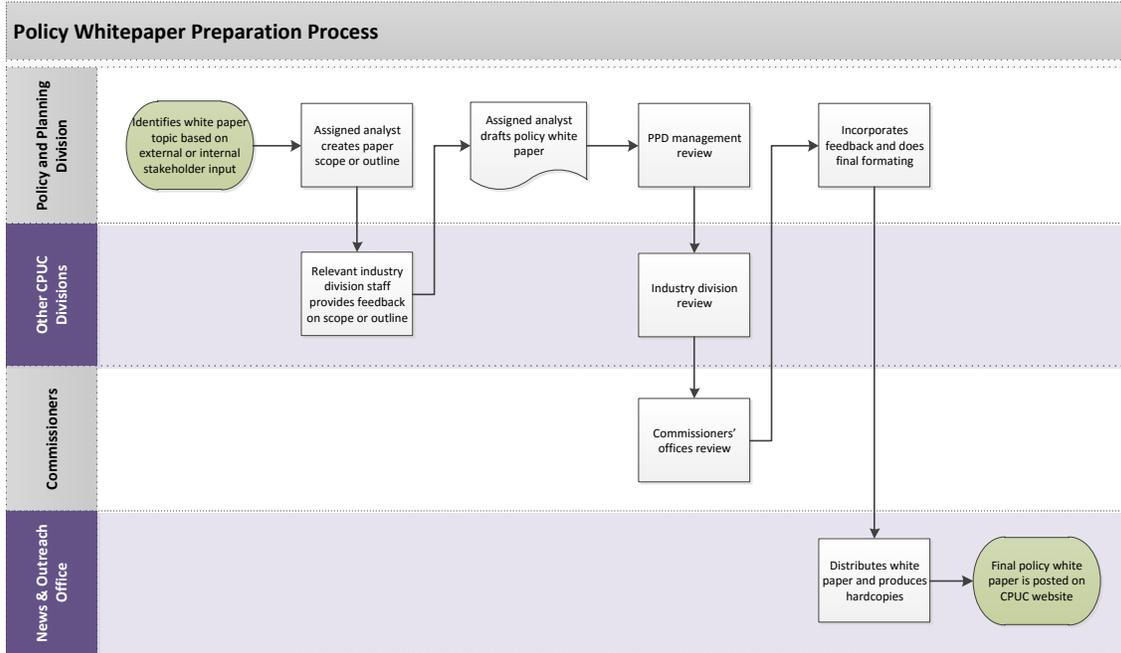


The PPD annual work plan also includes a target number of policy white papers that PPD staff will draft and publish throughout the next calendar year. The topic can come from Commissioners, other division managers, PPD staff, or external stakeholders. The policy paper assignments are allocated to PPD staff based on both expertise and policy interest, and follows the process as laid out in Figure 5.42. The assigned PPD staff consults various



internal or external stakeholders to create the scope of the paper, seek management approval of the paper’s scope, and drafts the paper in consultation with other division management or staff.

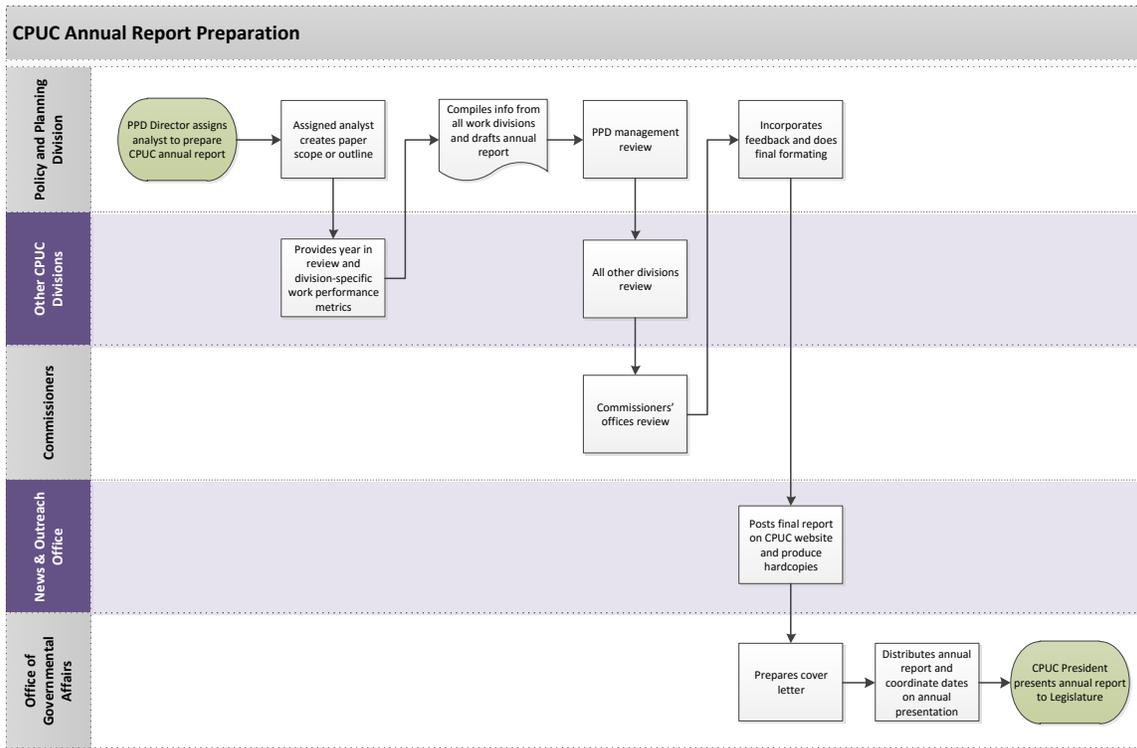
Figure 5.43 Preparing and Publishing Policy White Papers



Lastly, PPD is tasked to draft the CPUC annual report for submission to the Legislature. An assigned lead staff from PPD collects information necessary for the report, and coordinates the content development with other CPUC work units. This report is reviewed by all Commissioners and executive managers at the CPUC, and is submitted to the Legislature and other control agencies through the Office of Governmental Affairs. This CPUC annual report process culminates in the annual presentation by the CPUC president at key legislative committee hearings.



Figure 5.44 CPUC Annual Report Preparation

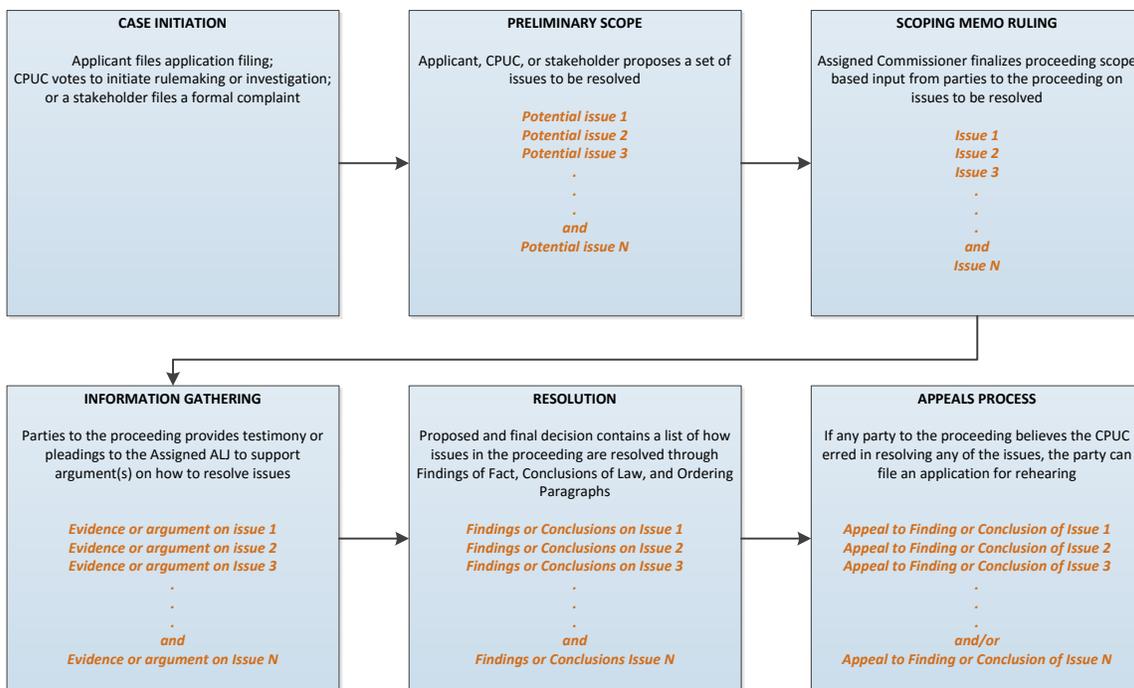




6. REGULATORY PROCESSES

Regulatory processes are the avenues by which decisions on regulated entities are made. The CPUC has a plethora of regulatory processes designed to resolve issues within regulated sectors, as guided by statutory requirements provided by the Legislature in each industry area. The general work flow of these decision making processes follow a basic structure from case initiation (oftentimes in response to new legislation or in response to an action taken by a regulated entity), to scope determination, information gathering, and case resolution in the form of regulatory orders or Advice Letter resolutions. In the case where a case has not been resolved sufficiently for the need of a party to a proceeding, there are processes designed for a party to the proceeding to exercise its rights to seek either modification or appeal of a regulatory decision or resolution. This basic work flow structure is illustrated in Figure 6.0.

Figure 6.0 Basic structure of regulatory process



Responsibilities of regulatory processes are shared between the Administrative Law Judge (ALJ) Division, industry divisions (communications, energy, and water), the policy units of the two enforcement divisions (SED and CPED), Legal Division, and the individual Commissioners who cast the votes on formal regulatory matters. The interactions between these work units are heavily governed by both statute and established CPUC procedures.

6.1 Administrative Law Judge Division (Formal Decision Making Processes)

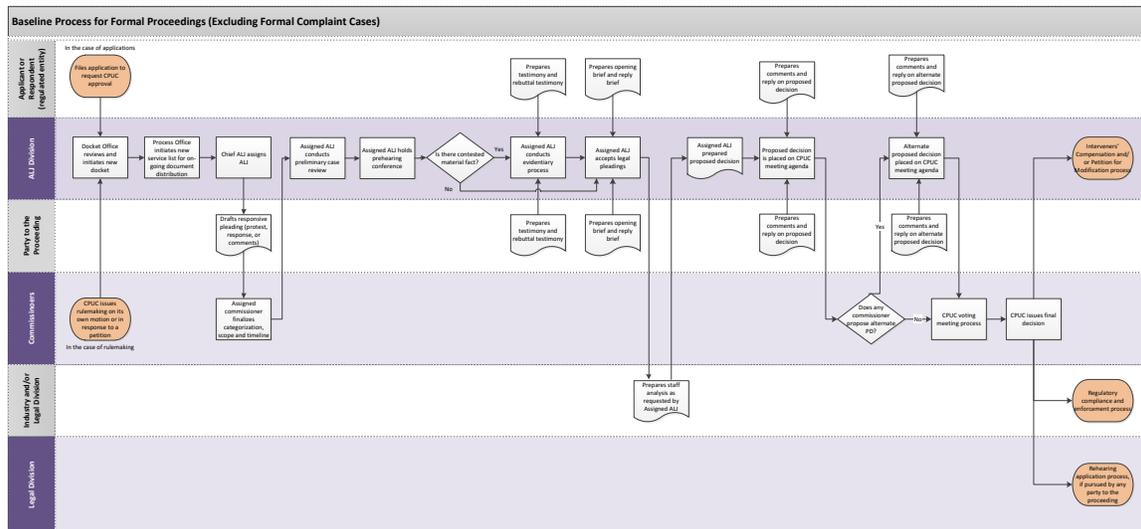
The ALJ division oversees most of the formal process, including applications, complaints, rulemakings, investigations, and petitions. It is made up of 45 judges who preside over formal cases, and 36 administrative staff positions to carry out clerical and administrative

tasks to support the decision making processes, including most of the tasks necessary to support monthly CPUC’s voting meetings.

For the purpose of this process inventory, application, rulemaking, and investigation proceeding are generalized into one process model. This is because the overall work flow of these three proceeding types are similar in sequential structure, and differ mostly in *ex parte* meeting rules depending on proceeding categorization. Once a determination has been made on proceeding categorization, the work flow structures for application, rulemaking and investigation proceedings are highly similar, as illustrated in Figure 6.11. In other words, *ex parte* requirements do not inherently change the work flow requirements associated with rulemaking, application, and investigation proceedings. In the case where *ex parte* meetings are allowed with Commissioners, Commissioners’ representatives, and directors, these meetings represent additional time on the part of these individual employees, but these meetings do not alter the baseline proceeding process as governed by statutory mandates to ensure due process. Because *ex parte* meetings can be conducted at any point in time of a proceeding, except during a period declared as “quiet time,” they are not modeled as a component of the baseline process.

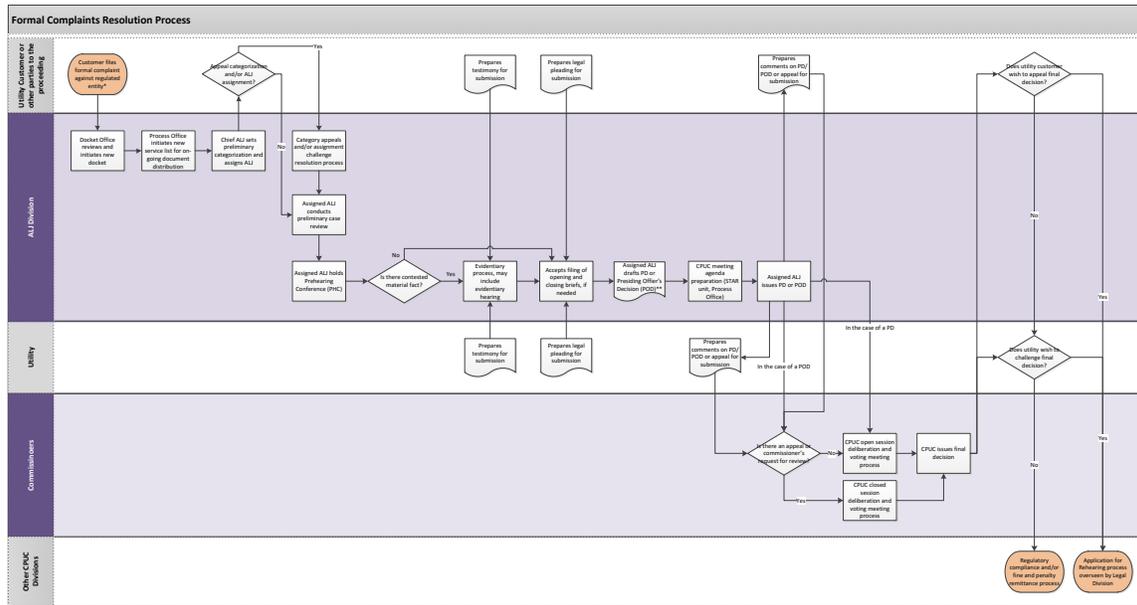
This baseline process can be initiated by the CPUC itself or in response to a petition, as in the case for rulemaking proceedings and investigations. This is also the work flow process governing application proceedings initiated by a regulated entity, such as general rate cases.

Figure 6.11: Baseline Process for Formal Proceedings Excluding Formal Complaints



When a customer’s complaint cannot be resolved through the informal complaints resolution process overseen by the Consumer Affairs Branch in CPED, a customer can file a formal complaint case against a regulated entity. This formal complaint resolution process is overseen by the ALJ division, and differs from the baseline process used for application, rulemaking and investigation proceedings, as illustrated in Figure 6.12. Among the many differences is that the assigned ALJ can proposed to resolve the formal complaint case either through a proposed decision or a presiding officer’s decision (POD), and the process requirement for Commissioners to carry out voting in closed session if a POD is challenged by a party to the complaint case.

Figure 6.12: Formal Complaints Resolution Process



Aside from the processes for managing formal proceeding, the ALJ division also manages processes for issuing rulings, and voting meeting processes for the Commission to issue decisions. These processes involve significant staff resources in the ALJ Division’s STAR unit, Docket Office, and Process Office.

From a process management perspective, rulings are used to set timeline, manage content, provide guidance, and respond to motions in the formal proceedings. Throughout the course of a proceeding, many rulings can be issued, and they involve significant staff resources on the part not just on the part of the assigned Commissioner and ALJ, but also of typists and clerks in the Docket and Process Offices, as illustrated in Figure 6.13.



Figure 6.13 Docket Process to Accept Filings in Formal Proceedings

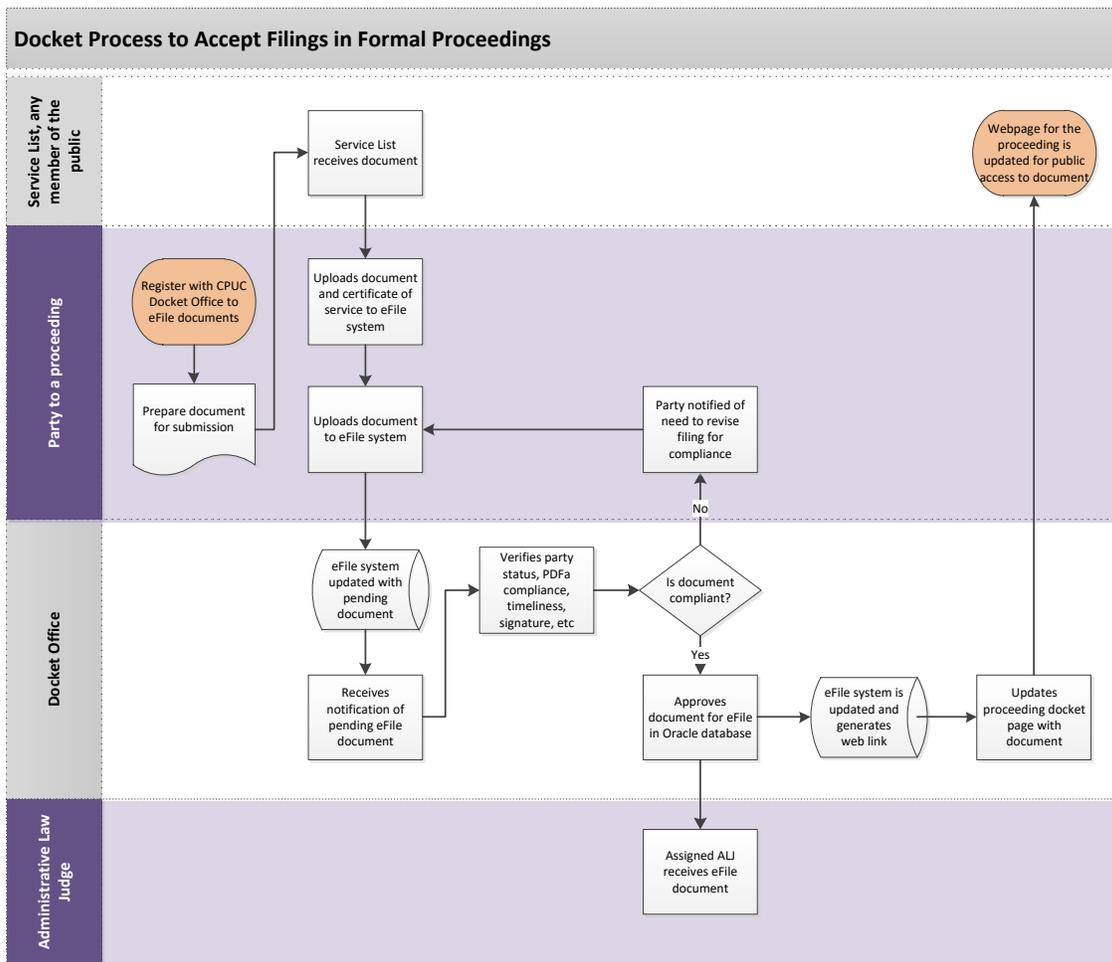
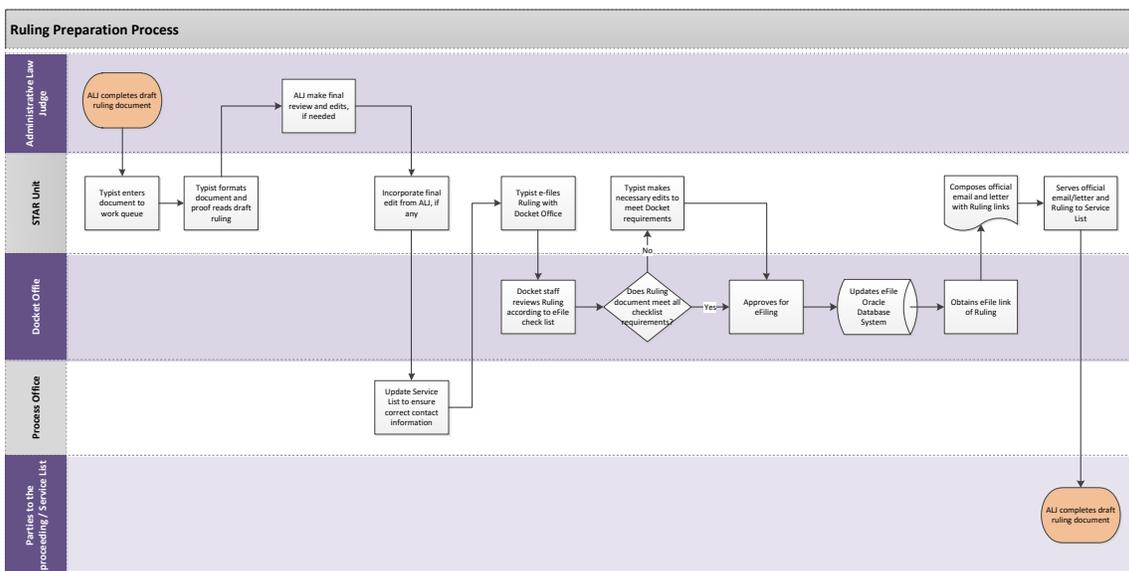


Figure 6.14: Ruling Preparation Process



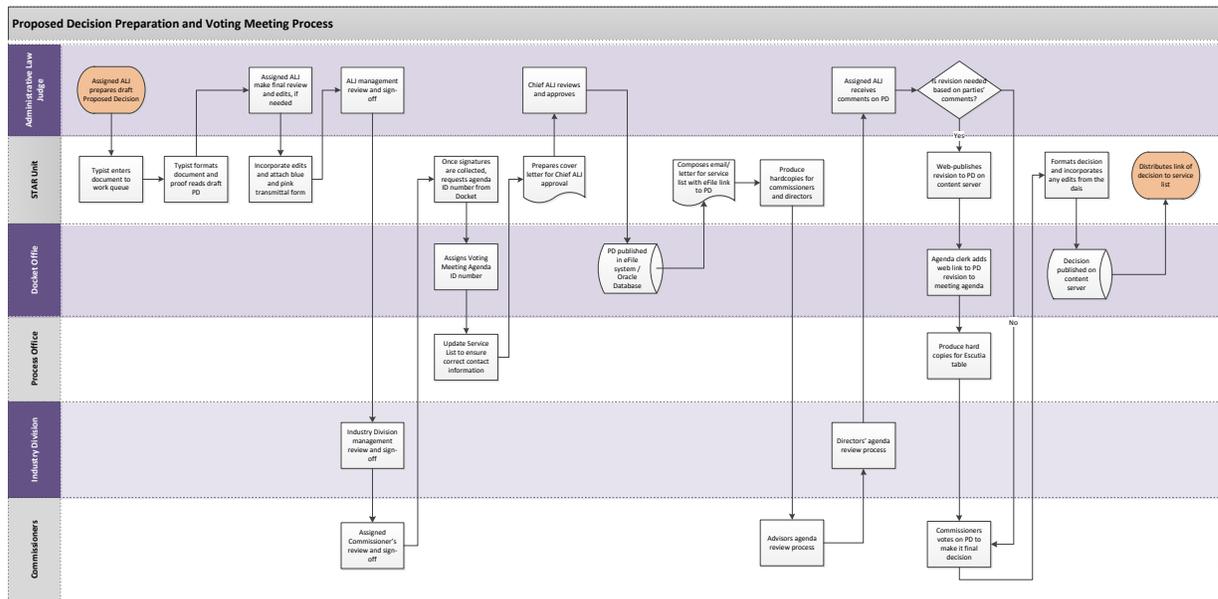


Of all processes that ALJ division oversees, perhaps none are as staff resource intensive and time-constrained as the processing of proposed decisions through the voting meeting process leading up to the issuance of a final decision.

When an assigned ALJ has completed his or her draft, a proposed decision document is transmitted to a typist in the STAR unit for formatting and proof reading. Then, a series of management review is conducted across ALJ division, industry divisions, and the assigned Commissioner's office before a proposed decision is approved by the Docket Office for publishing so it can be mailed to the service list and placed on the agenda of a future voting business meeting. Revisions to these proposed decisions (to either correct typographical errors or in response to party comments) are tracked meticulously within tight deadlines in days leading up to the voting meeting. Hardcopies of revisions must be produced in compliance to statute prior to the vote. Once Commissioners deliberate and vote on a proposed decision as final, a series of clerical tasks must be carried out prior to publishing the final decision for distribution to the proceeding service list. The sequential steps are illustrated in Figure 6.14 below.

Because each business meeting processes multiple proposed decisions, the voting meeting process is inherently an aggregation point of multiple formal proceeding processes. From a process management perspective, voting meetings (including preparing individual PD documents, creating the meeting agenda, and agenda reviews) usually results in significant process bottle neck for the clerical staff in the ALJ division, especially in the 2-3 working days leading up to the voting meeting, and 2-3 days after the voting meeting.

Figure 6.15: Proposed Decision Preparation and Voting Meeting Process



6.2 Communications Division

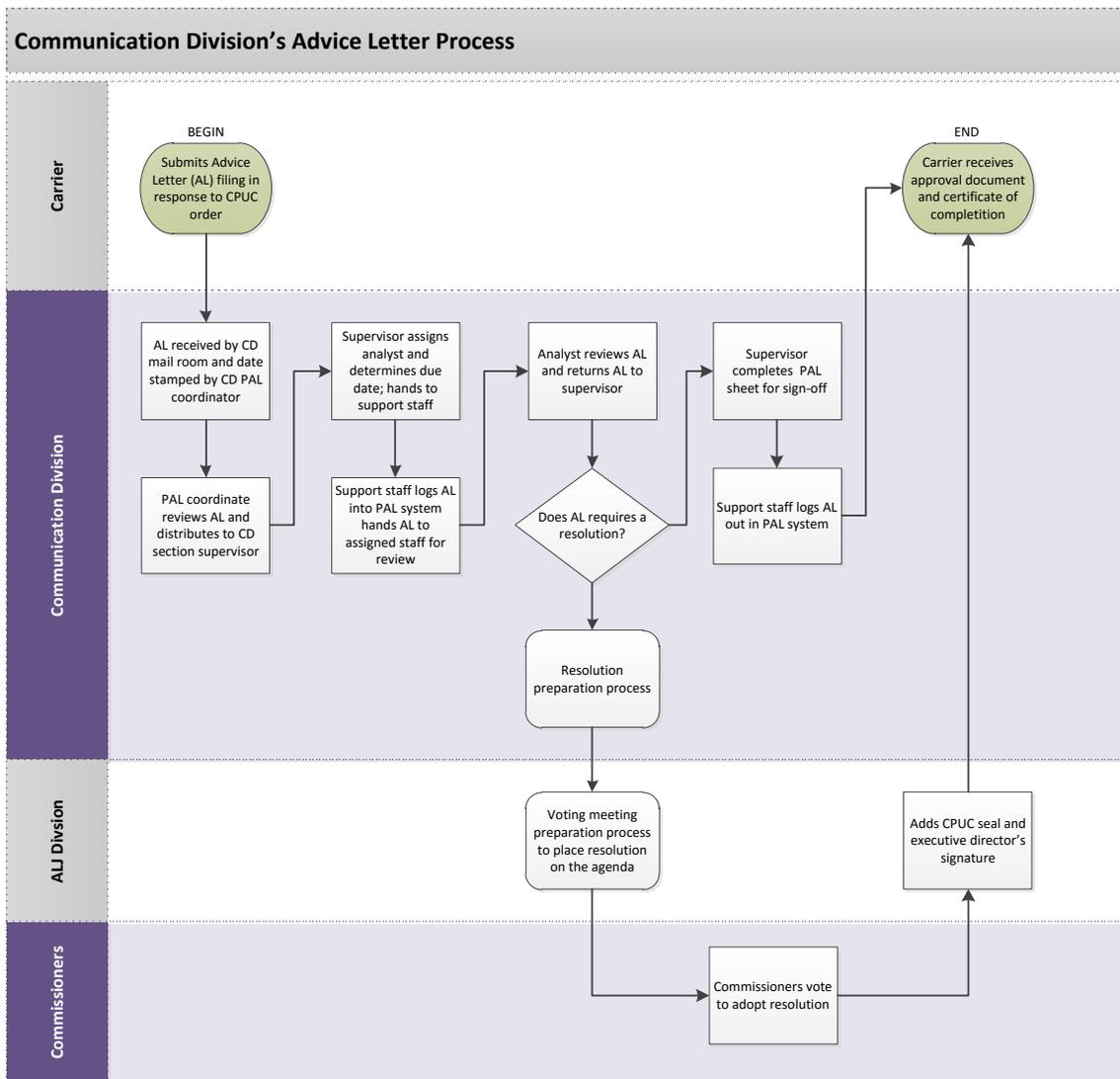
Communications Division assists decision makers at the CPUC in developing and implementing programs to promote consumer access in all telecommunications markets and to address regulatory changes required by state and federal legislation.

Among the regulatory policy priorities of the Communications Division is to ensure the provision of telecommunications networks, to ensure fair, affordable, universal access to essential services, and to ensure compliance among regulated carriers.

Advice Letter Process

Communications Division has its own internal process to review telecommunications utilities' advice letter filings in accordance with General Order 96, as outlined in Figure 6.21.

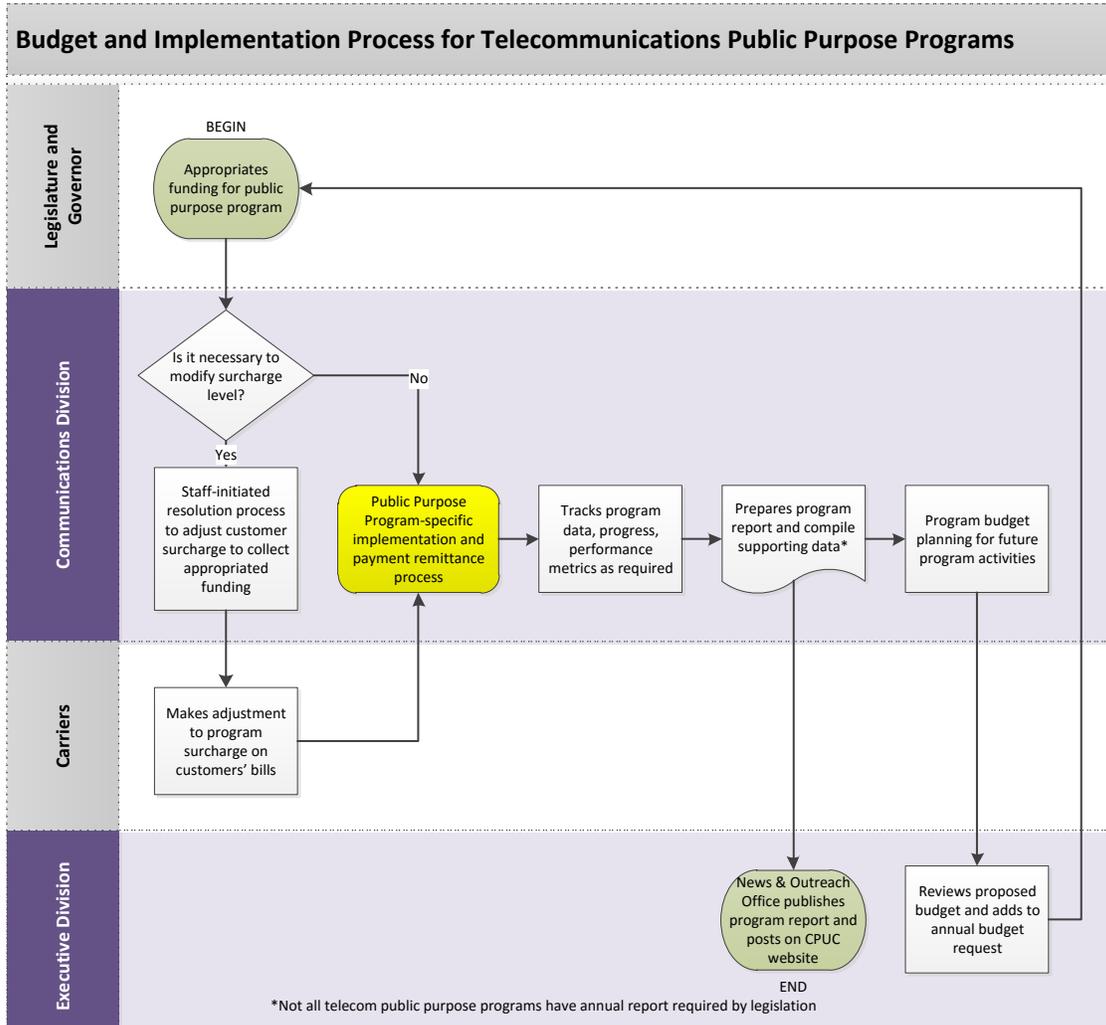
Figure 6.21 Advice Letter Process



Telecommunications Public Purpose Programs

Communications Division is also primarily responsible to ensure that CPUC-administered statutory programs to provide universal access are implemented effectively for the benefit of consumers. The processes associated with the six major universal access program areas follow a similar, annual, budget and program planning process, as illustrated in Figure 6.22.

Figure 6.22 Annual Budget and Program Implementation Process for Universal Access Programs



Each public purpose program has similarities in how it engages budgeting and fiscal remittances. Although different programs have significantly different application and review criteria, the overarching process structure is similar.

Process differences, however, do exist between different universal access programs. For example, some programs require a Commissioner order or resolution for authorization before any funding can be awarded to an applicant, such as the case with California Advanced Service Fund. Other programs allow ministerial authority to Communications Division staff following strict review criteria to award funding to program participants, as in the case of Lifeline, California Teleconnect Fund and the Public Housing Account within the California



Advanced Services Fund. Certain program support is provided directly from CPUC contractors to program participants directly, such as the Deaf and Disabled Telecommunications Program. These programs each have a program application process to screen the eligibility of interested applicants, as well a funding reimbursement. Examples of a program application and funding reimbursement process are illustrated in Figure 6.23 and Figure 6.24, respectively.

Figure 6.23 Program Application Process for California Teleconnect Fund

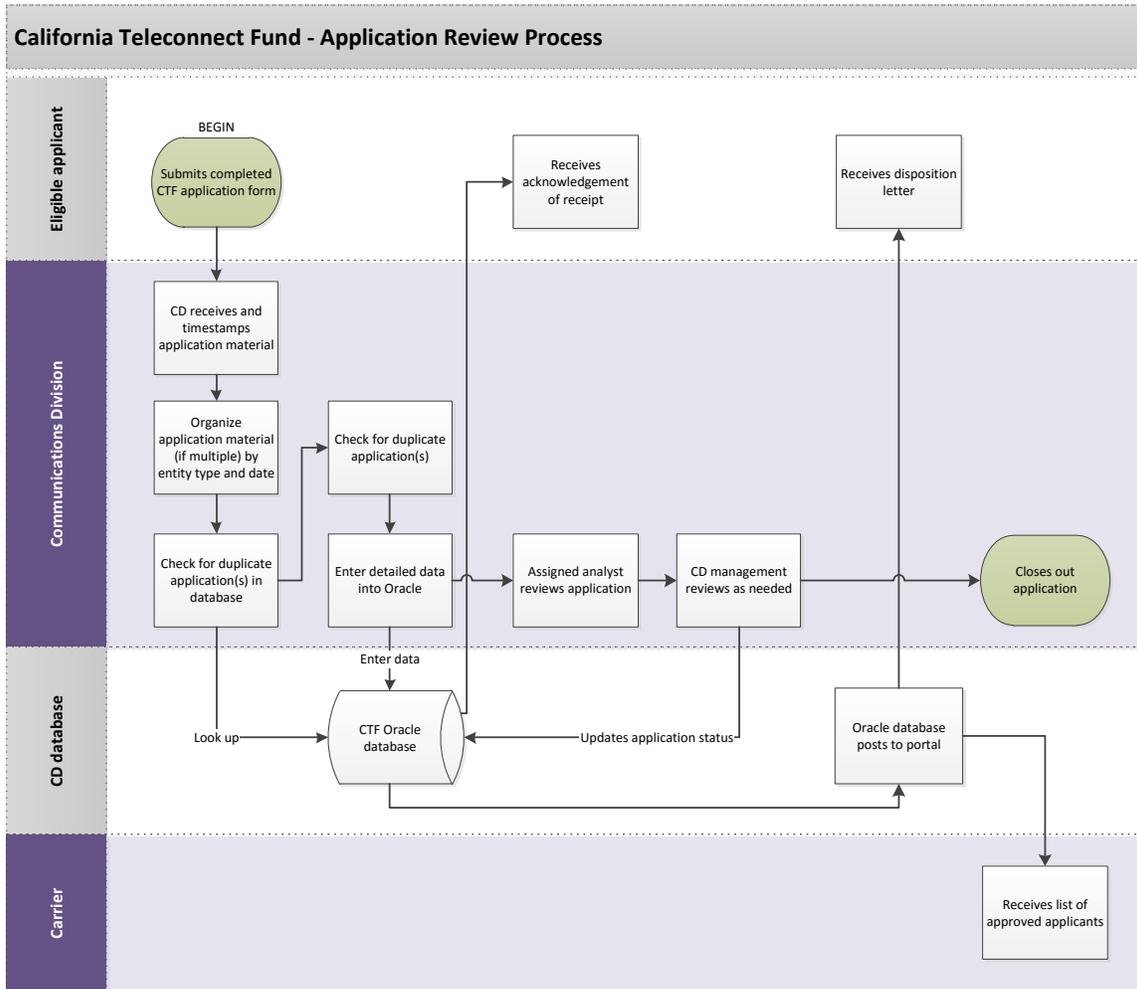
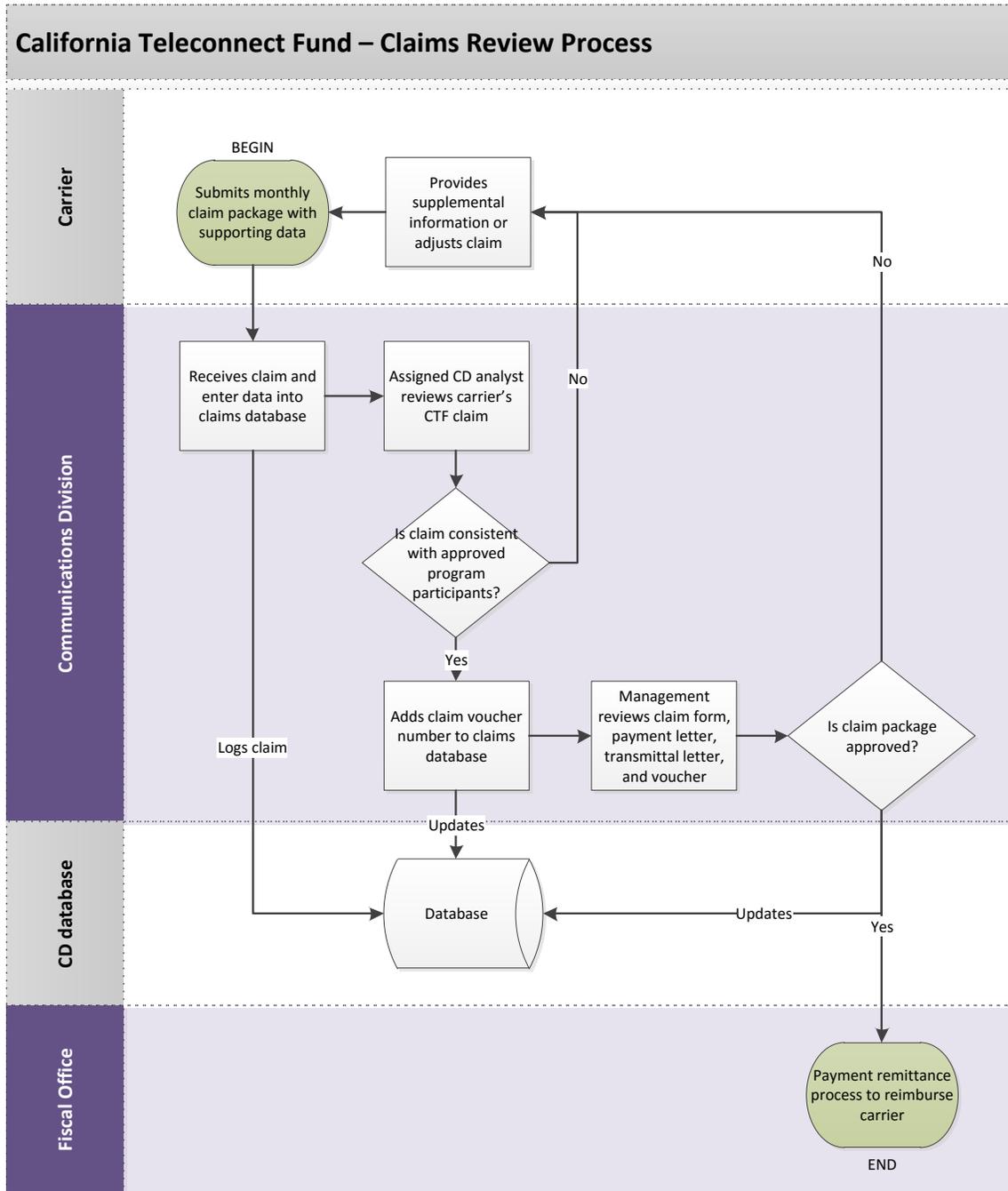




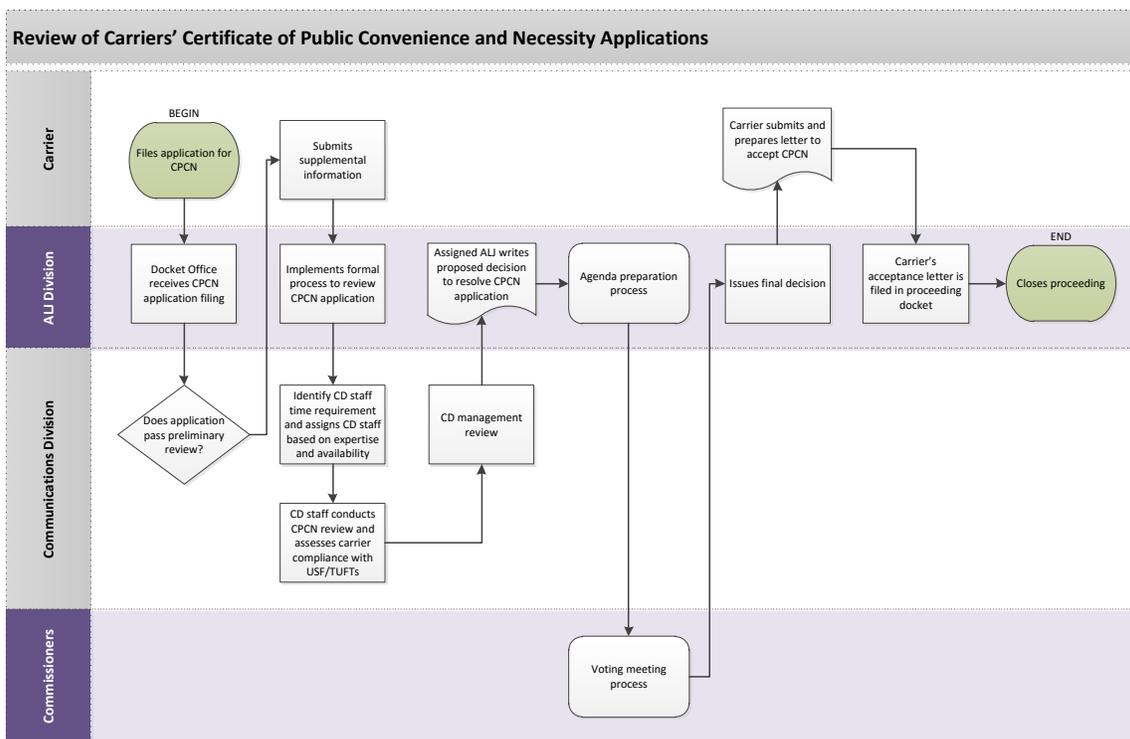
Figure 6.24 Claim Reimbursement Process for California Teleconnect Fund



Supporting CPUC review in formal proceedings

Lastly, Communications Division provides advisory staff service to ALJs and Commissioners in formal telecommunications proceedings, including proceedings to review utilities' requests for CPCN. Figure 6.25 illustrates the general process flow for reviewing CPCN requests.

Figure 6.25 Reviewing Telecommunications Utilities' CPCN Requests



6.3 Energy Division

Within the CPUC, the Energy Division is comprised of subject matter experts in several program areas, including (1) supporting formal regulatory processes on energy; (2) reviewing and resolving informal advice letter filings; (3) ensuring compliance of regulated entities to CPUC order or resolution.

California Environmental Quality Act Review Process

One important work area carried out by Energy Division is the environmental impact review of proposed utility-owned projects under the California Environmental Quality Act (CEQA). CEQA review is conducted within the context of an application proceeding where a utility seeks either a Certificate of Public Convenience and Necessity or a Permit to Construct from the CPUC. Energy Division conducts this review for all regulated sectors, including regulated utilities in the communications and water sectors. The CEQA process in the context of CPUC regulatory proceedings is a two-step process involving two sets of overarching statutory guidelines – one is CEQA, the other is the body of law governing administrative law procedures at the CPUC.

In the first step, the CEQA process is carried out by the CEQA team according to statutory guidelines under CEQA. Energy Division staff, in consultation with an assigned attorney in the Legal Division, conducts an environmental assessment of a utility's proposed project. The CEQA team seeks public stakeholder input throughout the process leading up to the release of a final CEQA document. The CEQA document is an Environmental Impact Report, a Mitigated Negative Declaration, or a Negative Declaration. Stakeholders in the CEQA

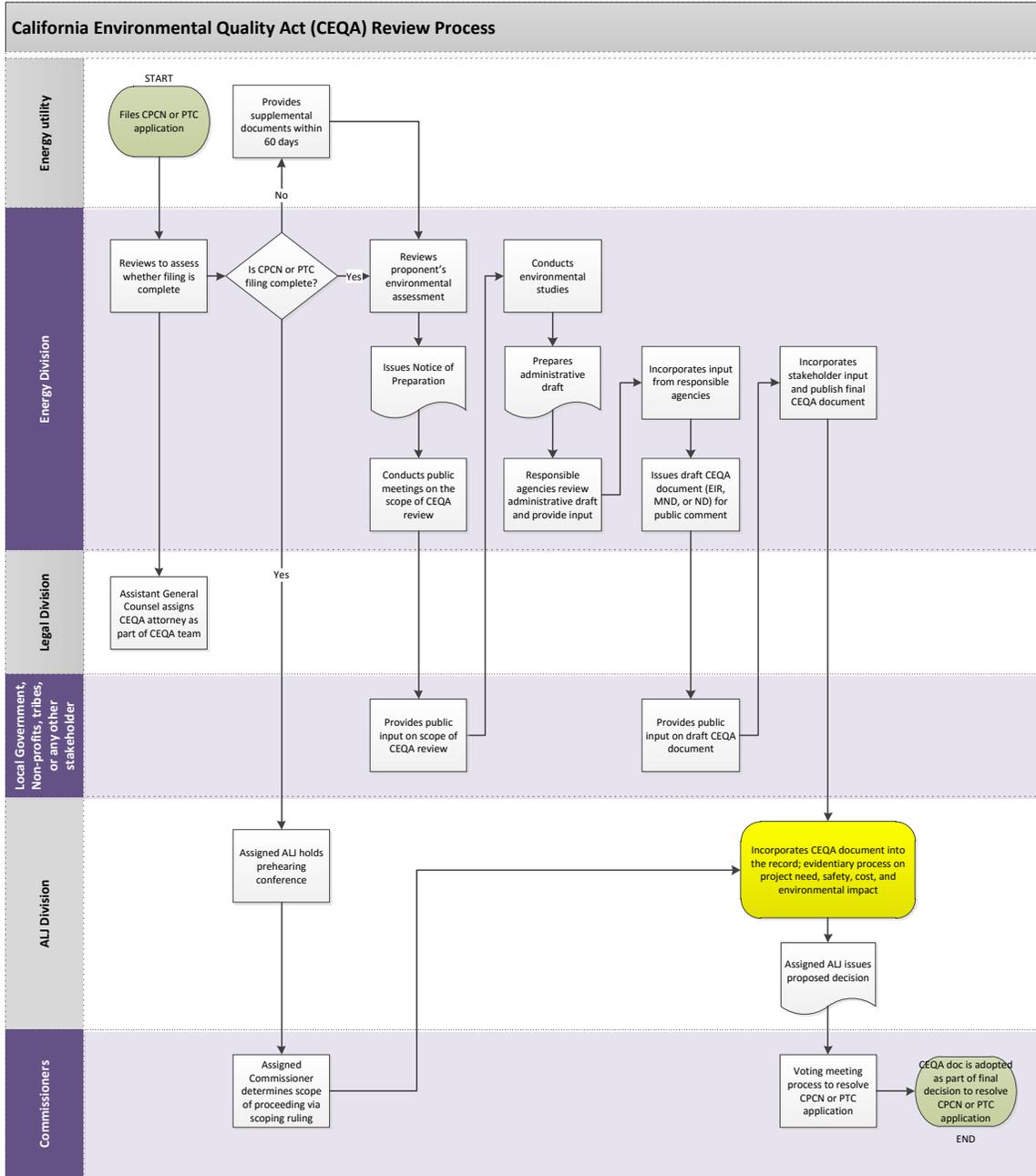


review process can, and often do, include the owner/proponent of the proposed project, local government entities, non-governmental organizations, Native American tribes, and concerned individuals. A stakeholder is not necessarily a party to the regulatory proceeding where the project is considered. Once the CEQA team has considered and incorporated any stakeholder feedback as necessary, a final CEQA document for the project is published.

In the second step, the CEQA document is submitted into the CPUC's formal proceeding record as evidence to the potential environmental impacts that would result from construction and operation of the proposed project. The assigned ALJ then carries out an evidentiary process to evaluate the CEQA document within the framework of extant laws, ordinances, and other applicable statutes. In this evidentiary process, a party to the proceeding may elect to challenge the findings or recommended mitigation contained in the CEQA document. Finally, the ALJ weighs all evidence pertaining on project need, cost, safety and environmental impact to develop a proposed decision for the Commissioners consideration at the CPUC voting meeting process, illustrated below in Figure 6.31.



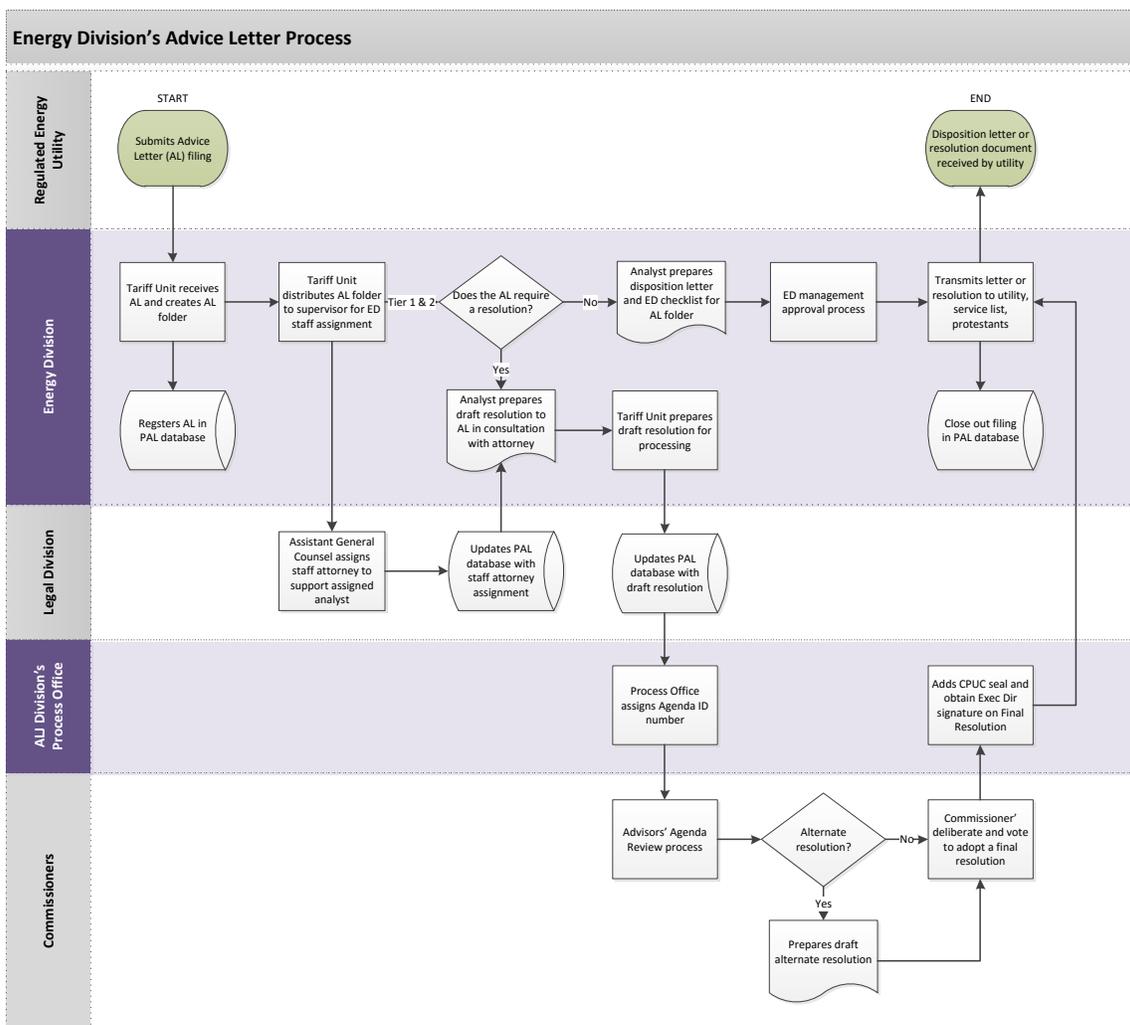
Figure 6.31 California Environmental Quality Act Review Process for Application Proceedings to Consider Energy, Communications or Water Utilities' Requests for Certificate of Public Convenience and Necessity or Permit to Construct



Energy Advice Letters

Compliance of regulated entities to regulatory order is often achieved through informal advice letter filings. The advice letter process is always initiated by a regulated entity in response to a regulatory order. Energy Division reviews, and processes these filings to ensure compliance with CPUC decisions, as illustrated in Figure 6.32.

Figure 6.32 Energy Advice Letter Process

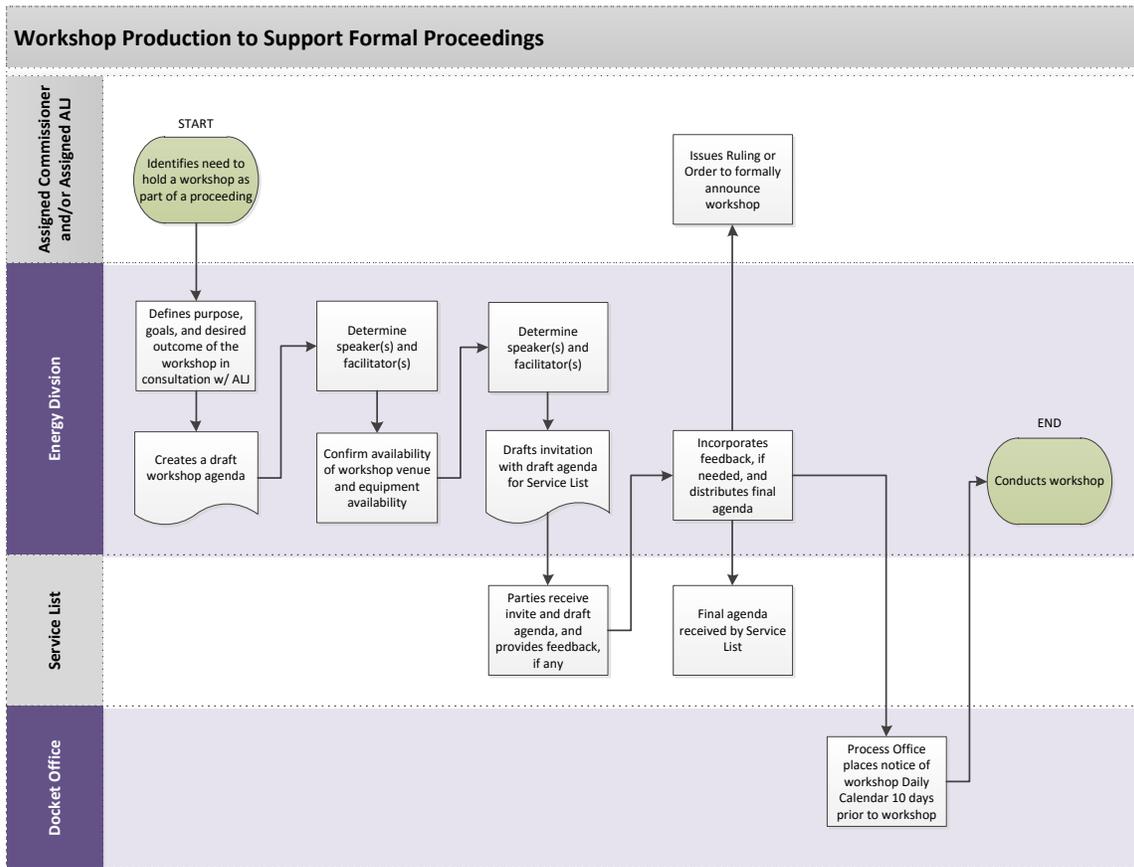


Workshop Production Process

To support information gathering and learning in formal proceedings (oftentimes in rulemaking proceedings) Energy Division staff regularly hold workshops to allow parties to the proceeding to present and discuss policy issues in need of resolution. The workshops are also useful to assist all parties (as well as decision makers and staff) to better understand the merits of a project as well as other technical issues. Although a workshop's content does not necessarily constitute part of proceeding records, it allows parties to the proceeding to better understand each other's interests and goals, and is intended to result in more informed filings by parties.

Producing a public workshop to support a formal proceeding require a significant staff resource for planning, conducting, and facilitating. The assigned ED staff coordinates with the assigned Commissioner's office and assigned ALJ in this process, are outlined in Figure 6.33.

Figure 6.33 Workshop Productions to Support Formal Proceedings

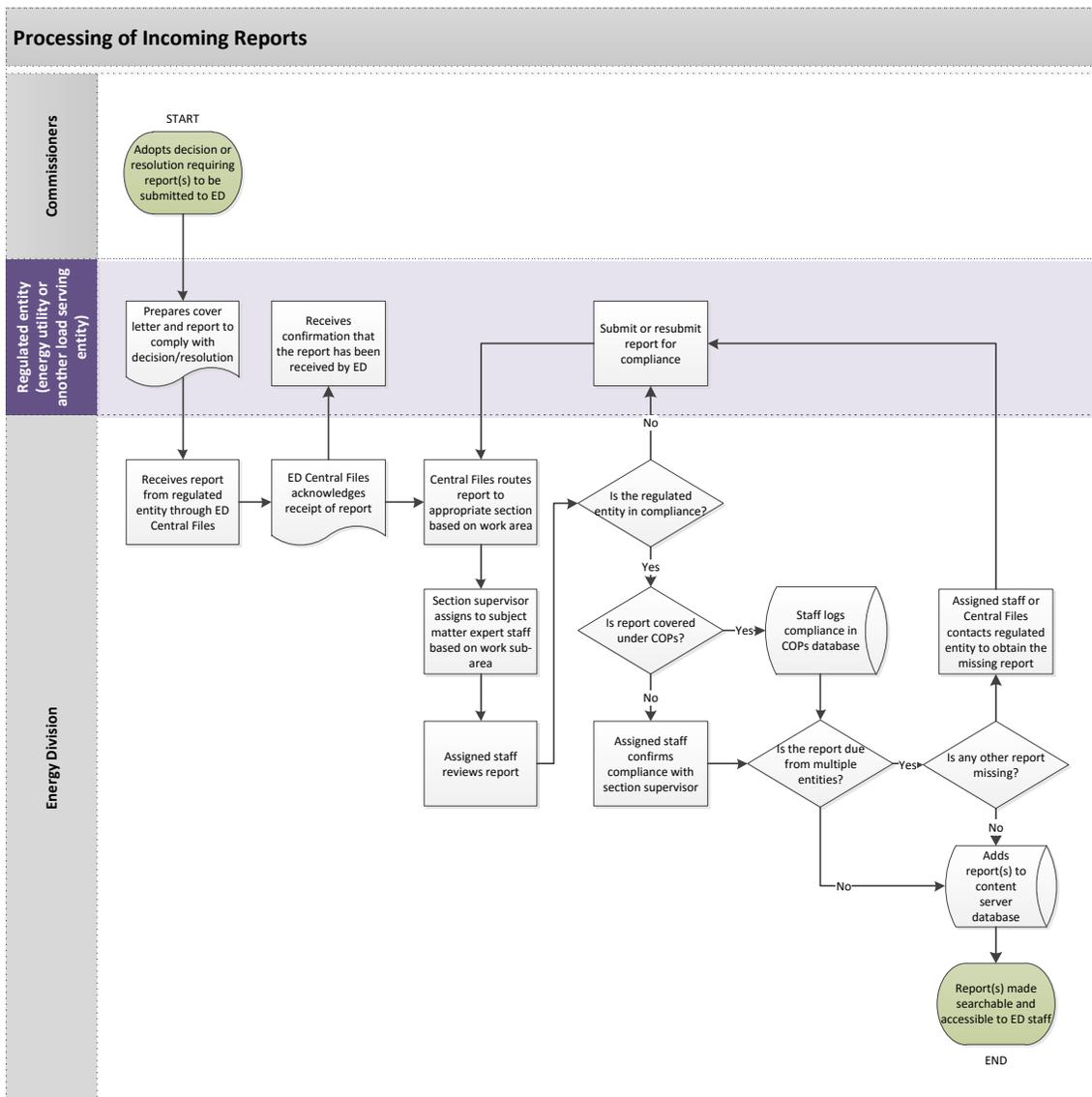


Processing of Compliance Reports

Regulated entities are oftentimes required by the CPUC to submit compliance reports to the Energy Division. In 2016, the Energy Division restructured its internal processes to centralize the processing of compliance reports submitted by regulated entities (investor-owned utilities and other load-serving entities such as community choice aggregation and direct access providers.) Prior to this process restructuring, compliance reports were submitted to individual energy program staff. The new centralized process allows an organized and searchable archive to store compliance reports and ensure regulatory compliance to CPUC decisions as illustrated in Figure 6.54.



Figure 6.34 Processing of Compliance Reports



6.4 Legal Division

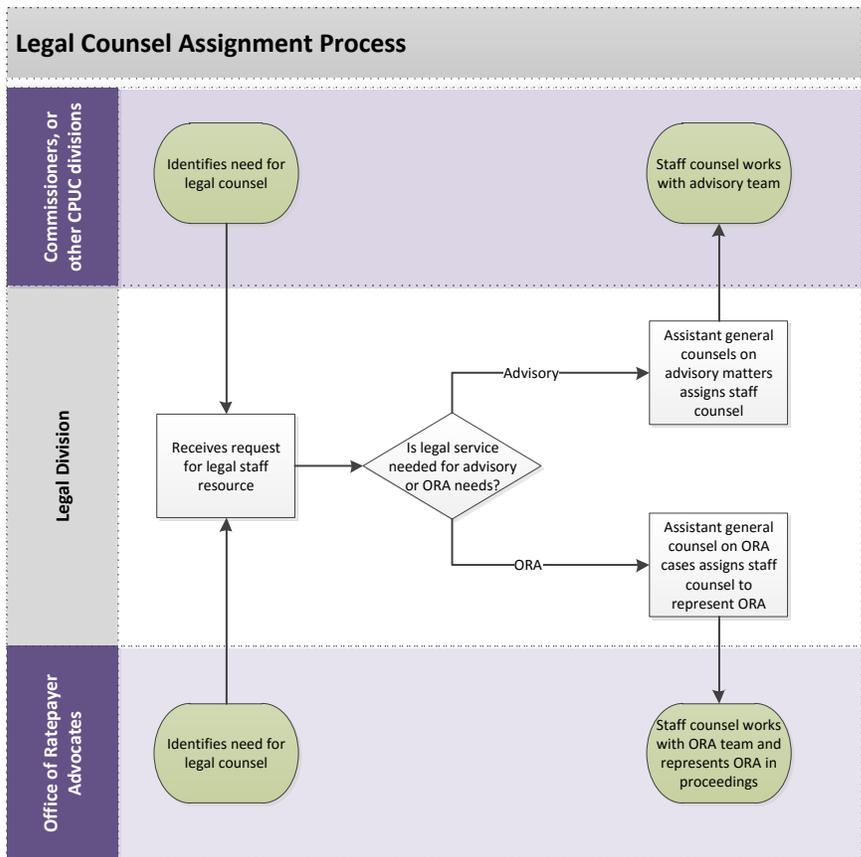
Legal Division is directed by statute to represent and appear for the people of the State of California, the CPUC, and CPUC staff in all actions and proceedings involving any questions under the Public Utilities Code or under any order or act of the Commission. It is made up of attorneys, legal analysts, and legal secretaries.

The major internal processes of Legal Division include (1) assigning attorneys to provide legal services to support other CPUC work units and to support Office of Ratepayer Advocates' needs; (2) participating in Federal Energy Regulatory Commission proceedings (FERC); (3) participating in Federal Communications Commission (FCC) proceedings; (4) providing responses to Public Records Act (PRA) requests; and (5) providing independent legal review for applications for rehearing.

Legal Staff Assignment

A core process in Legal Division is to allocate its staff resources to support the legal needs of other CPUC work units and Office of Ratepayer Advocates. This is a simple process by which staff counsels are assigned by Assistant General Counsels to provide legal services to ALJs, Commissioners, other CPUC work units, or ORA as requested. To sufficiently support ORA's legal needs, ORA-related assignments are allocated to 17 attorney positions who are specifically dedicated toward representing ORA in regulatory proceedings.

Figure 6.41 Staff Assignment Process

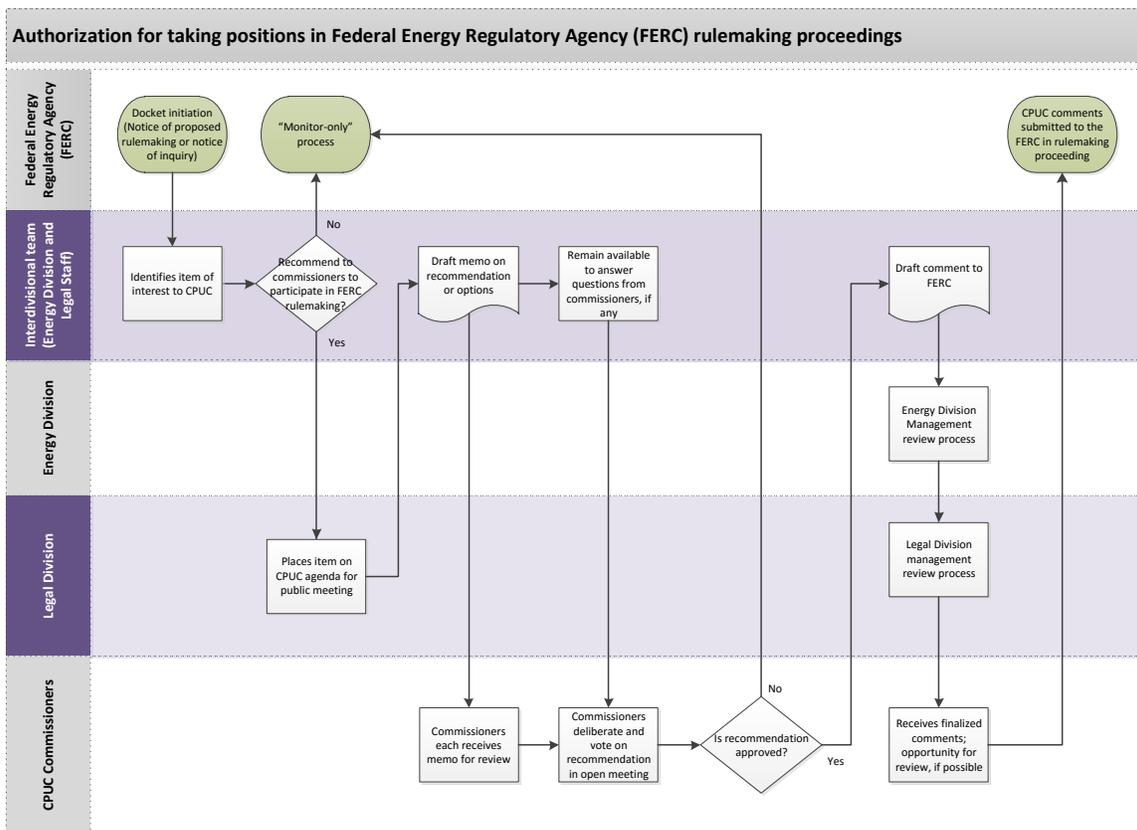


Participation at Federal Energy Regulatory Commission

Legal Division is required by statute to represent the State of California and the CPUC on federal regulatory matters at FERC. There are two types of processes that Legal Division relies on to participate in FERC proceedings – one involves participation in rulemaking proceedings, as illustrated in Figure 6.41, the other one involves rates or tariff proceedings related to inter-state electric transmission or natural gas pipelines.

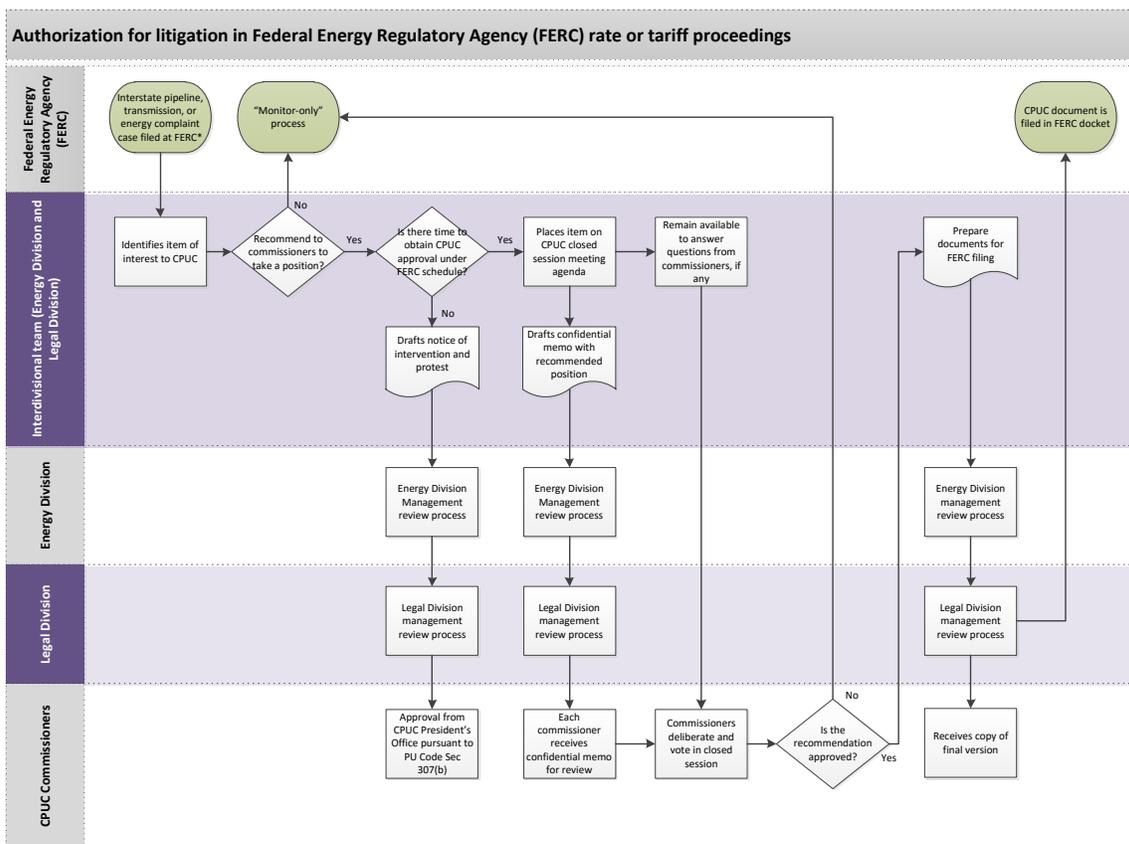
These two processes are designed to obtain guidance from CPUC Commissioners prior to submitting testimony or pleadings at FERC on behalf of California ratepayers, but allow sufficient time flexibility to adhere to tight deadlines within FERC proceedings.

Figure 6.42 Participation in FERC Rulemaking Proceedings



The difference between the processes of participating in a FERC rulemaking versus a FERC rate or tariff proceeding reflect different needs associated with FERC rulemaking and rate-setting processes. Often times in a FERC rate or tariff proceeding, the CPUC may be litigating against a transmission owner, which requires the deliberation of potential litigation positions to be carried out within closed session of the CPUC’s business meetings.

Figure 6.43 Participation in FERC rate or tariff proceedings



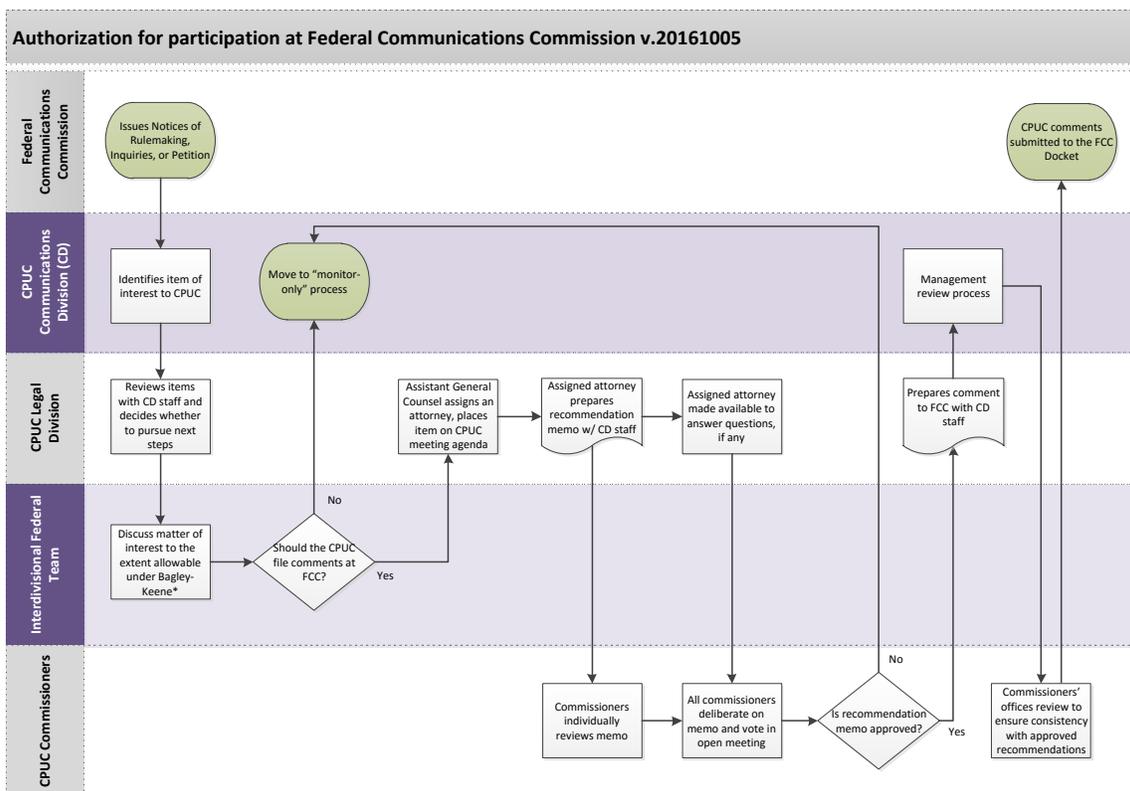
*These include electric transmission owner rate cases, interstate natural gas pipeline rate cases, and complaints against wholesale prices, which are matters under FERC jurisdiction pursuant to the Natural Gas Act or Federal Power Act.

Participation in Federal Communications Commission proceedings

Legal Division relies on a similar, but related, process to represent the State of California and the CPUC before FCC. Unlike the processes associated with participation at FERC, Legal Division convenes an inter-divisional team comprised of representatives of CPUC Commissioners, ORA, Communications Division, and others, to identify issues that may warrant the CPUC’s attention.

The purpose of the interdivisional team is to help identify potential issues to bring to Commissioner-level or Director-level attention. Similar to the processes associated with participation at FERC, a memorandum document detailing the scope of FCC participation are endorsed by the Commissioners as a governing body prior to document submittal in FCC proceedings.

Figure 6.44 Participation in Federal Communications Commission

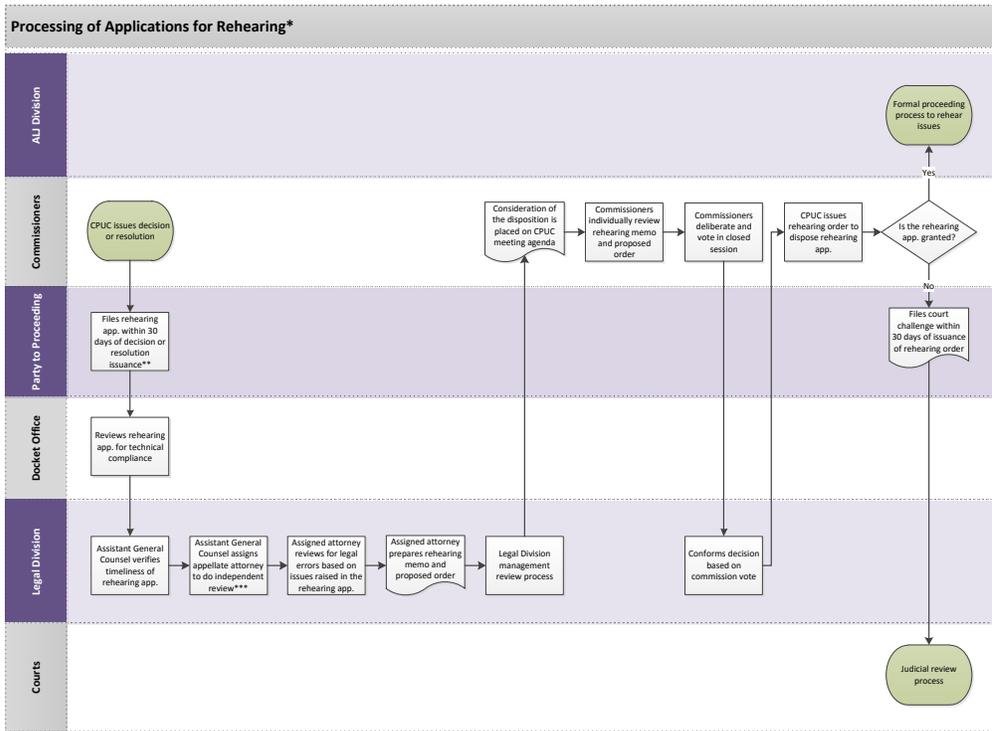


Independent Legal Review of Applications for Rehearing

When a formal regulatory proceeding overseen by an Assigned ALJ comes to a resolution by the issuance of a final decision by the CPUC, a party to the proceeding may exercise its due process rights to appeal the decision by filing an application for rehearing. The process to review applications for rehearing is overseen by Legal Division. The Assistant General Counsel verifies the application to determine timeliness and completeness of the rehearing request, and assigns an appellate attorney to conduct independent legal review of the proceeding based on legal issues raised in the rehearing request. The appellate attorney then prepares a legal memorandum and proposed order for Legal Division’s management review, and Commissioners’ consideration.

If an application for rehearing is granted or granted in part, the process as laid out in Figure 6.44 ends in the re-opening of the case to be overseen by the ALJ Division. If the application for rehearing is denied, then the party to the proceeding may seek judicial review of the decision.

Figure 6.45 Legal Review of Application for Rehearing

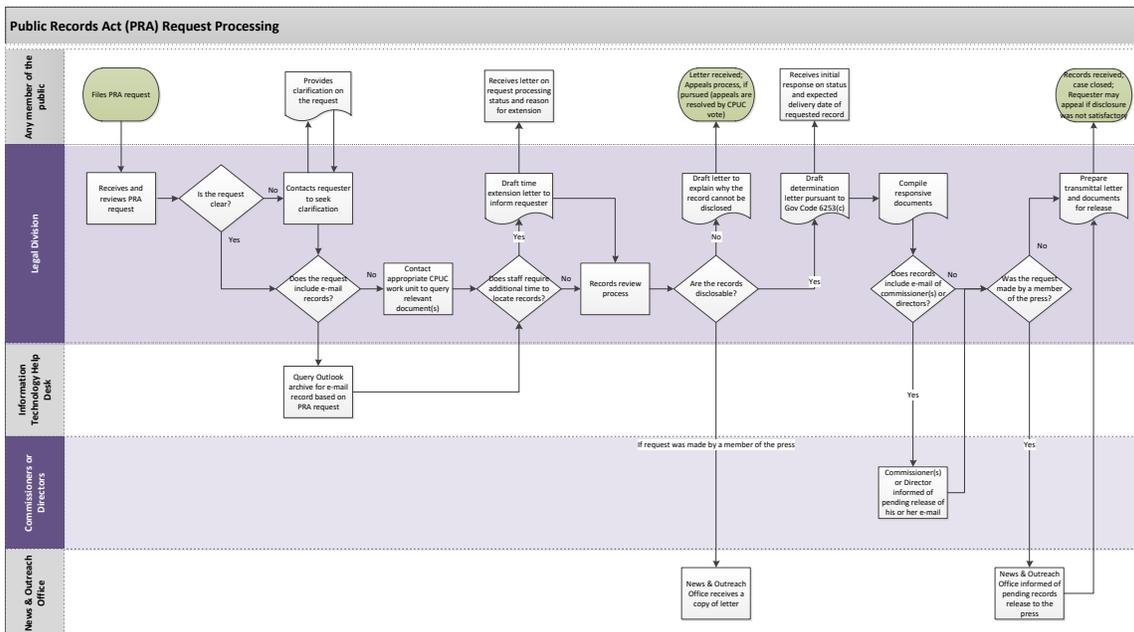


* Filed pursuant to Public Utilities Code Section 1731
 ** Certain exceptions to the 30-day rule may apply
 *** Similar to review in an appellate court

Public Records Act Requests

Legal Division is responsible for responding to the many Public Records Act (PRA) request, oftentimes from members of the media, as outlined below in Figure 6.45.

Figure 6.46 Processing Public Records Act Requests



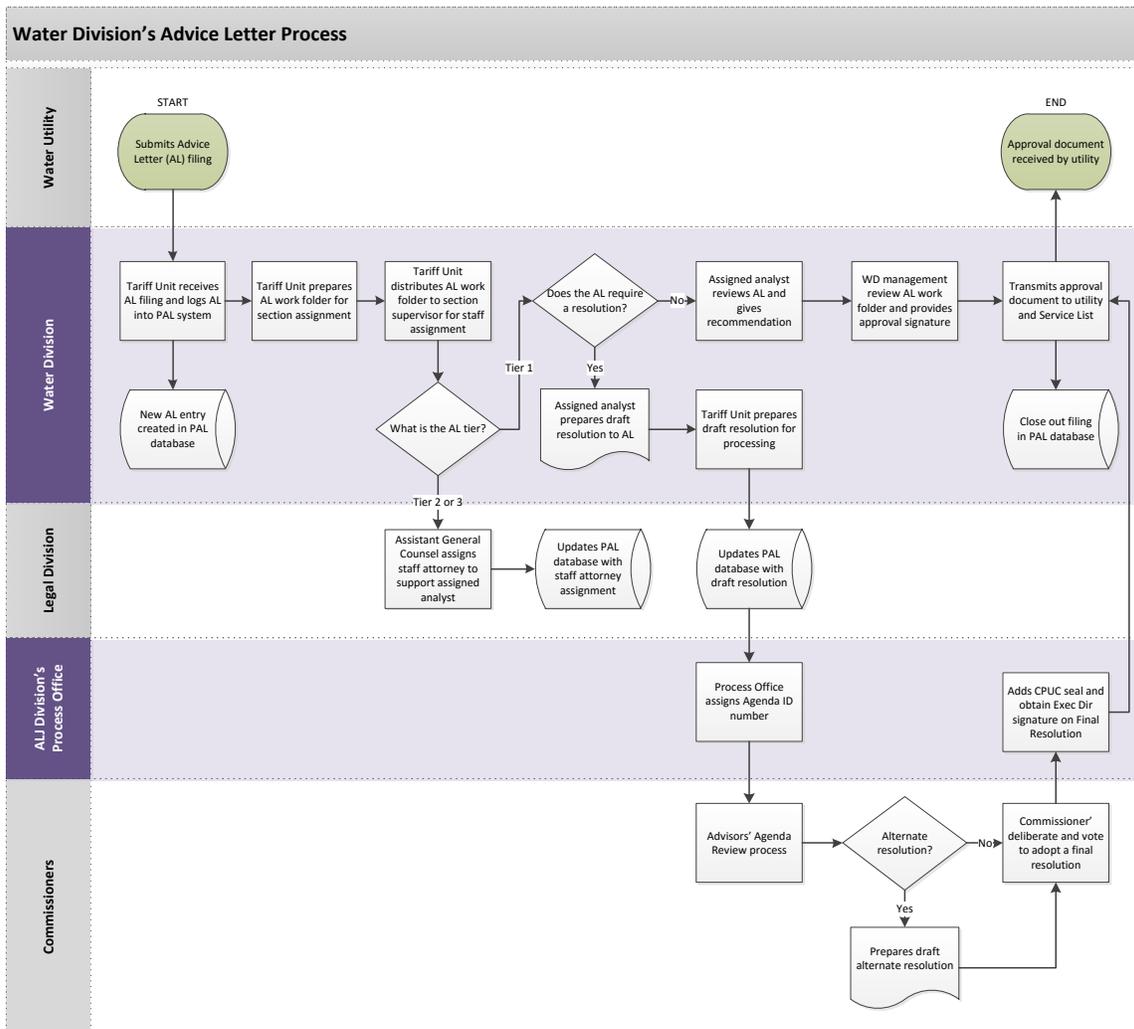


Legal Division is responsible for responding to the many Public Records Act (PRA) requests, oftentimes from members of the media, as outlined below in Figure 6.45. The response time required to provide a PRA response requires identifying disclosable record that is directly pertinent to the PRA request. A small team of one legal counsel and two legal analysts are currently responsible for processing the voluminous PRA requests to ensure CPUC's compliance to transparency and public accountability.

6.5 Water Division

Water Division's main responsibility is to ensure regulated water companies' compliance with CPUC regulation. The Water Division carries out this work through its Advice Letter process, as outlined in Figure 6.4 below, governed by GO-96. Water Division staff also provides ad hoc analysis in formal proceedings on water matters as requested by the ALJ division.

Figure 6.51 Water Advice Letter Process





6.6 Commissioners

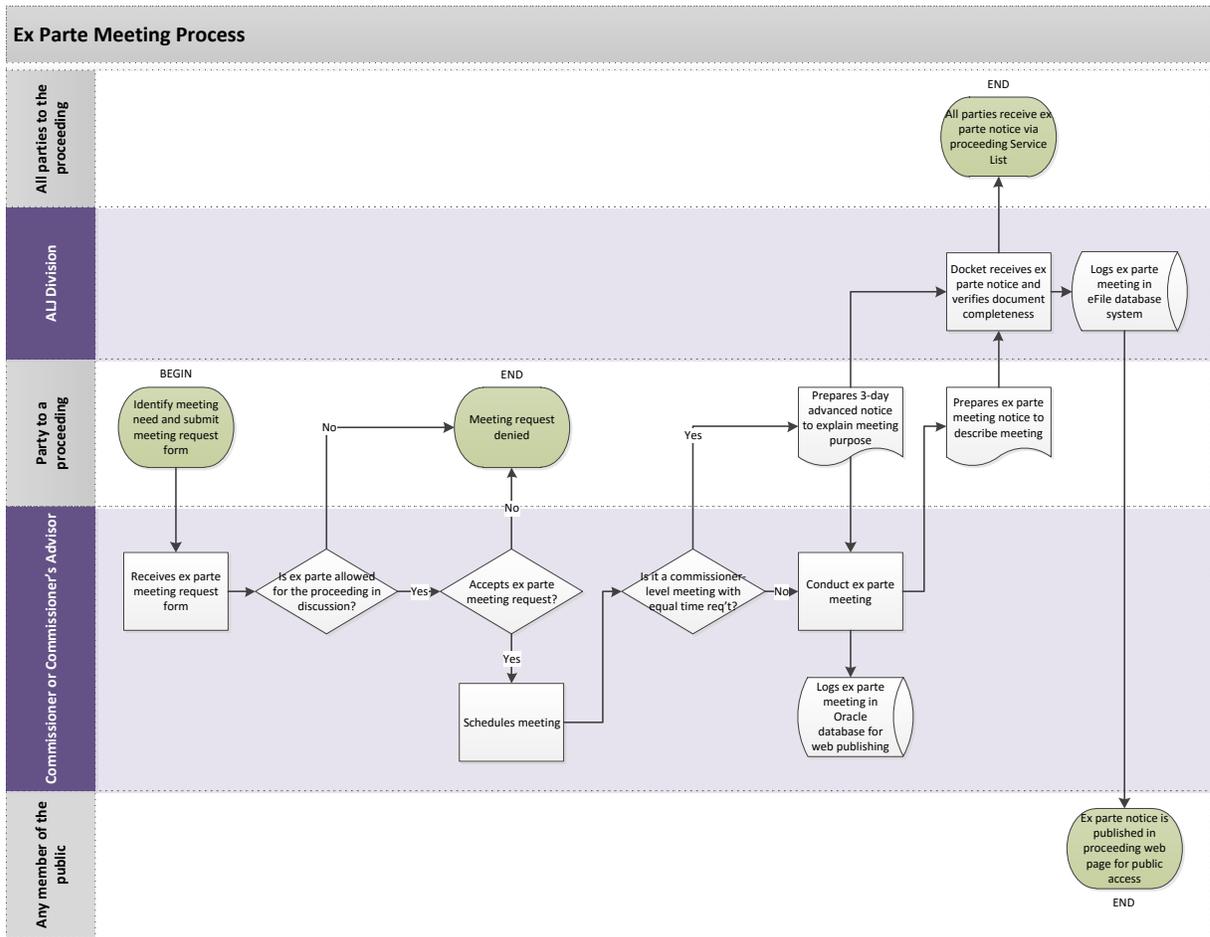
Individual Commissioners generally rely on processes managed by other work groups to carry out their responsibilities. For example, Commissioners play an integral role in formal proceeding to vote and adopt proposed decisions as final decisions. Each Commissioner operates a small work unit with his or her advisors to vote on proposed decisions in the formal process managed by the ALJ division, or on draft resolution in the advice letter processes managed by industry divisions. Commissioners also vote on memoranda prepared by other work units, such as in the case of a memorandum seeking guidance on participation at a federal agency.

The one major process that is the exclusive domain of Commissioners' offices is the ex parte meeting process, whereby a party to a proceeding seeks audience with a Commissioner, or his or her advisor, to discuss a certain set of issues within the scope of an on-going proceeding. The ex parte meeting can be carried out at any point in the proceeding timeline, except during the period declared as "quiet time." All five Commissioners follow the same meeting process, as outlined in Figure 6.71 below.

As illustrated, the ex parte meeting process is initiated by a party to a proceeding. A Commissioner, or his or her advisor, is not obligated to accept the meeting even when ex parte contact is permissible based on the proceeding category; the process can end by simply denying the ex parte meeting request. If a Commissioner or an advisor indeed accepts an ex parte meeting request, he or she is required to separately log the ex parte meeting. In the case a party is meeting with a Commissioner directly, the party must file an advanced 3-day notice for rate-setting cases.



Figure 6.61 Ex Parte Meeting Process



Due to recent legislation, the *ex parte* meeting process is currently under revision. Therefore Figure 6.61 is likely in need of update after the publication of this report.



7. ENFORCEMENT PROCESSES

Regulatory enforcement processes primarily resides in two major divisions: Safety and Enforcement Division and Consumer Protection (SED) and Enforcement Division (CPED). Together, these two large divisions enforce laws, rules and statutes that require regulated entities to provide safe and reliable services while treating consumers fairly.

7.1 Consumer Protection & Enforcement Division

CPED collects and resolves consumer complaints, establishes and enforces rules and regulations for transportation carriers, and investigates allegations of utility waste, fraud, and abuse.

CPED is comprised of three branches: the Consumer Affairs Branch (CAB), Utility Enforcement Branch (UEB) and the Transportation Enforcement Branch (TEB).

Consumer Affairs Branch

The CAB assists consumers of gas, electric, water, and telecommunications services with billing and service matters. CAB answers questions, processes complaints, and helps resolve application denials with programs such LifeLine for telephone service and CARE for electric utility service. By providing direct services to consumers, CAB supports the enforcement of CPUC rules and ensures that informal complaints are resolved.

The operational unit of CAB is comprised of 27 consumer affairs representatives who provide direct consumer services in response to informal complaints received by the CPUC through the telephone, mail, and internet based on the process as depicted in Figure 5.51. The consumer affairs representatives also have subject matter expertise to assist utility customers on a variety of subject matters areas associated with CPUC's regulatory responsibilities in Spanish, Chinese, and Taglog. For inquiries or complaints received in other languages, the consumer representatives can access a contracted service which provides real-time translation in over 200 languages. All informal complaints are recorded in the CAB's Consumer Information Management System. This aggregated information provides the basis for on-going analysis to identify trends and problems.

If an informal complaint is not resolved in a manner that is sufficient to a customer's satisfaction, the customer can file a formal complaint against a regulated entity, which is handled by the Administrative Law Judge Division through the adjudicatory process.



Figure 7.11 Processing Informal Phone Complaints

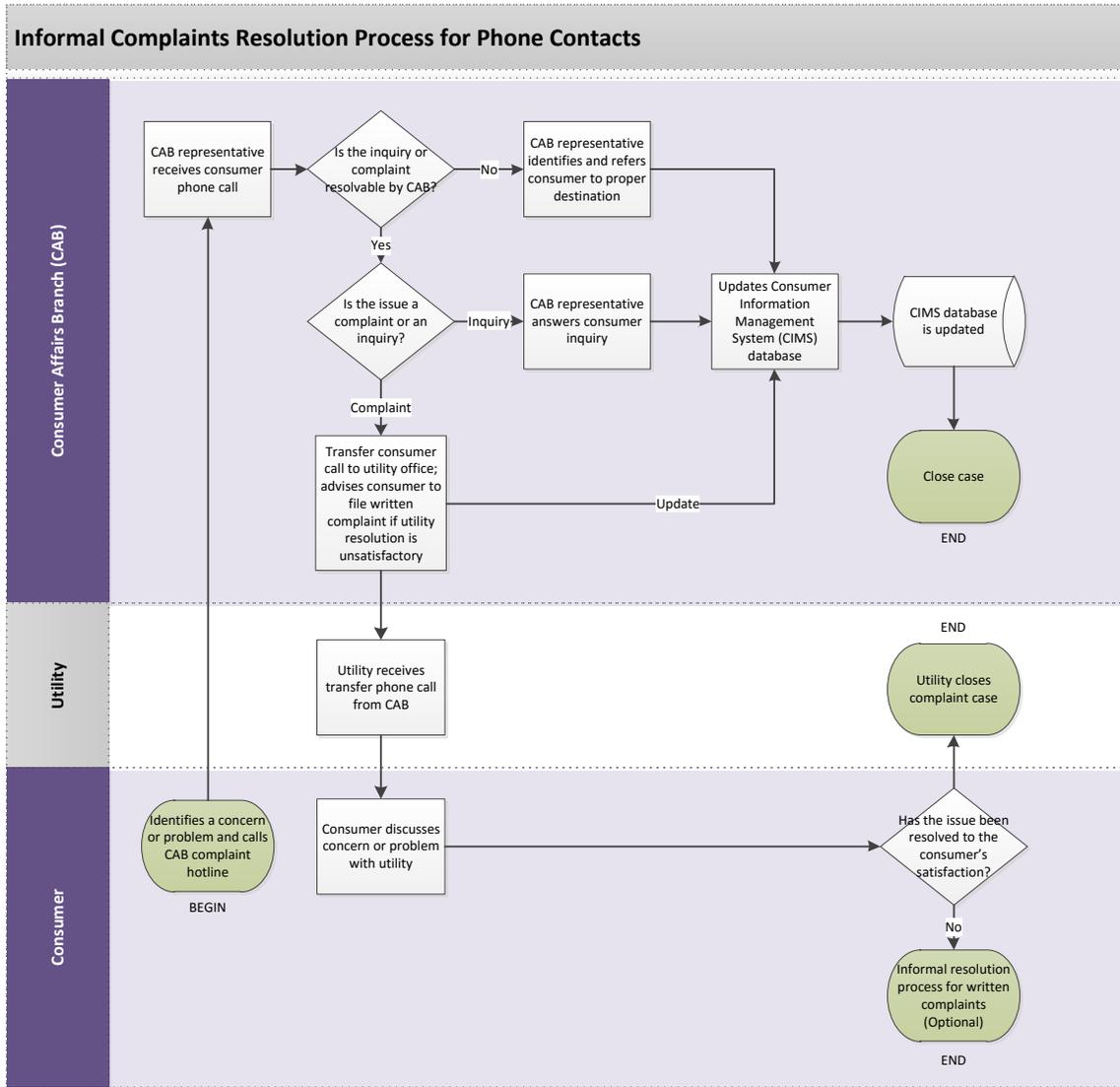
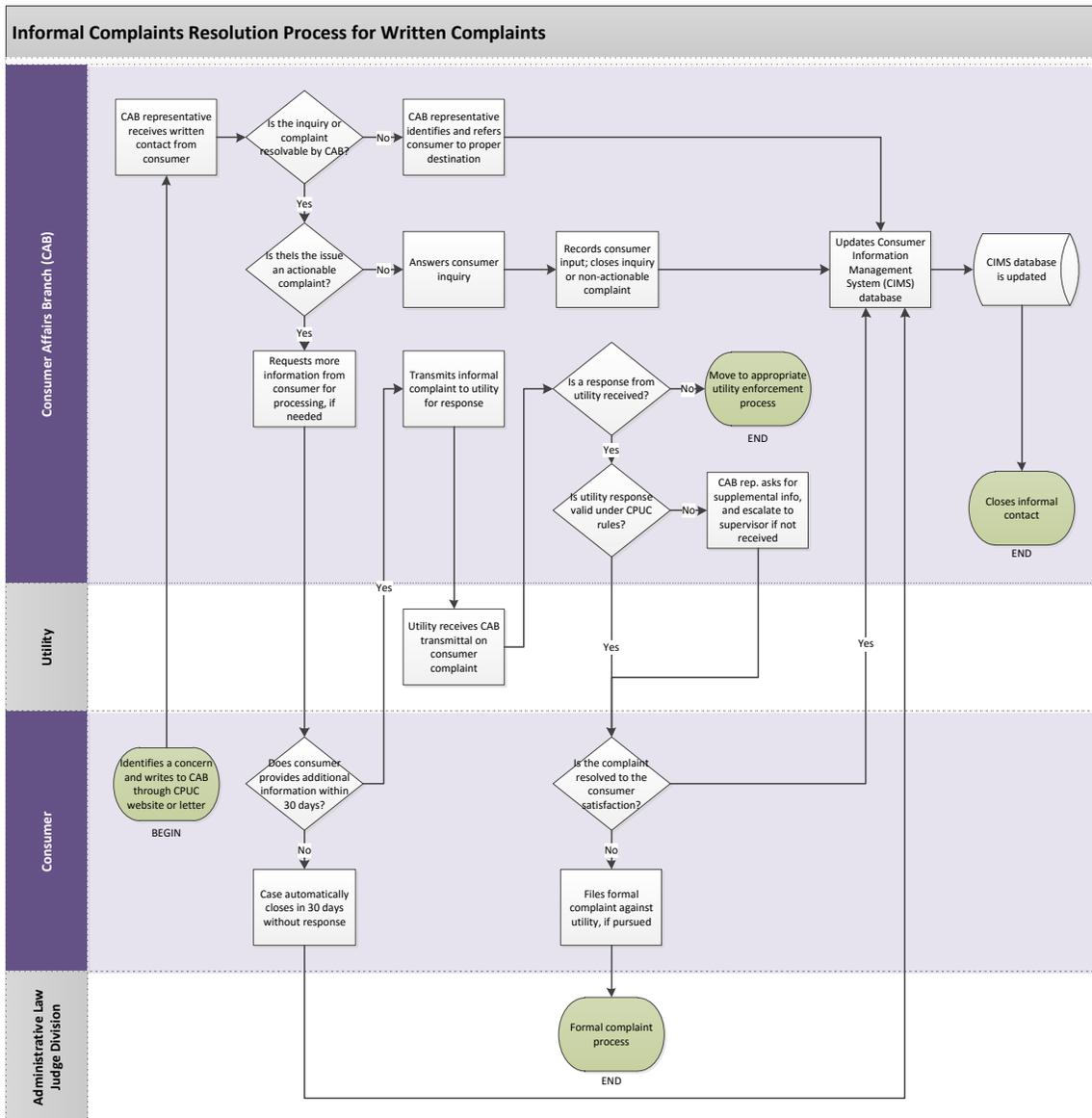
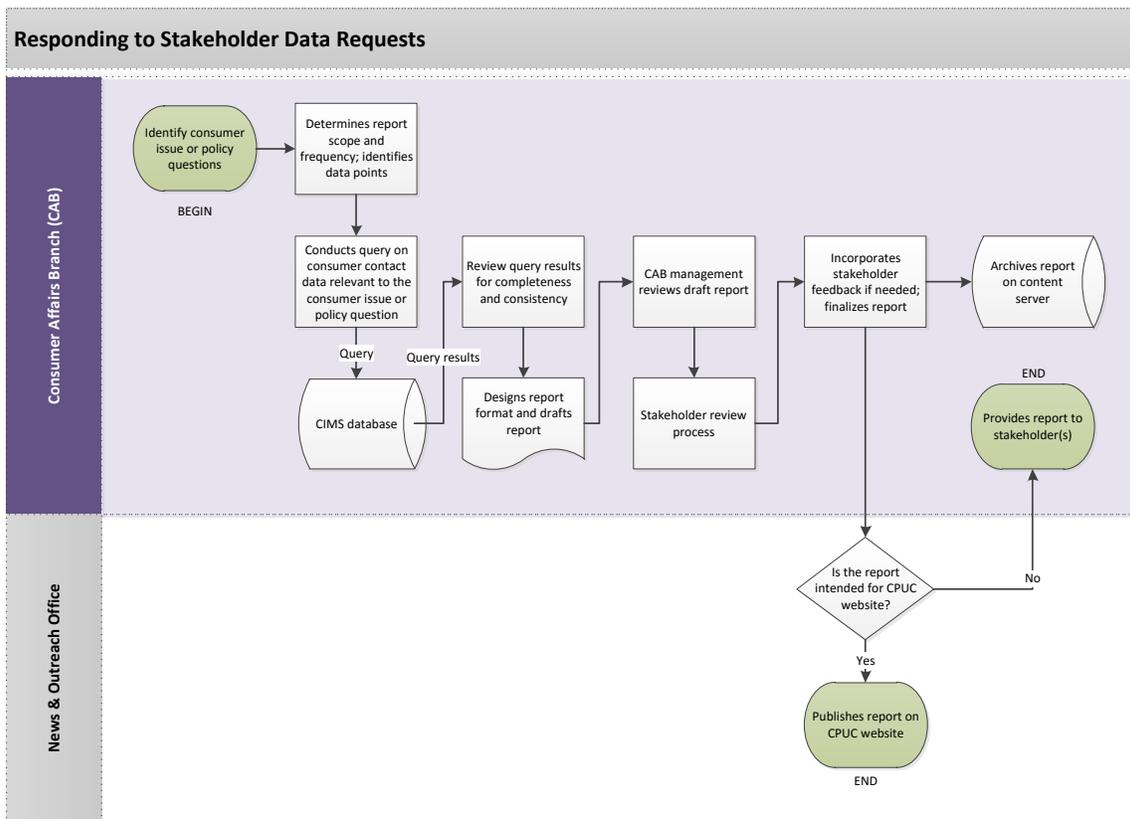


Figure 7.12 Processing Written Informal Complaints



Because of the wealth of information that CAB regularly collects as part of its informal complaints resolution process, CAB is regularly requested by CPUC stakeholders to provide data trends on a variety of consumer complaints and inquiries to support better decision making, as illustrated in Figure 7.13.

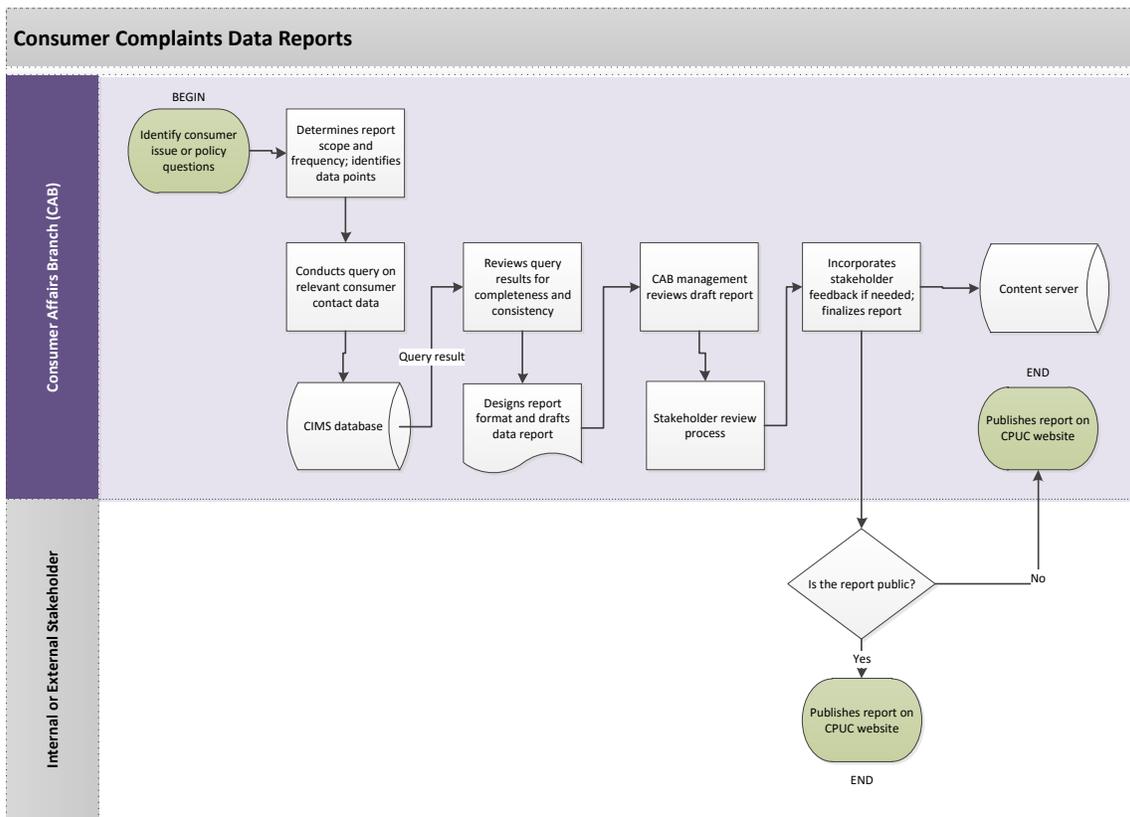
Figure 7.13 Responding to Stakeholder Data Request



Lastly, the analytical unit of CAB analyses of consumer complaints data in CIMS to improve complaints processing and identify trends in consumer complaints. These CAB analysts generate monthly reports to CPUC executive management and help identify problems with implementation of utility programs.⁸

⁸ CAB consumer statistics portal at <http://consumers.cpuc.ca.gov/ccd/>

Figure 7.14 Production of Consumer Complaints Data Report



Utility Enforcement Branch

The UEB investigates alleged violations of the Public Utilities Code, CPUC regulations, and other California statutes involving gas, electric, water, and telecommunications companies. UEB investigations generally involve consumer fraud, marketing abuse, and other utility misconduct. UEB utilizes an enforcement progression model that takes into consideration early detection and intervention, investigation, initiation of formal CPUC action, and compliance monitoring. Examples of UEB’s activities include issuing citations for slamming, investigating prepaid phone card providers, and enforcing Certificate of Public Convenience and Necessity (CPCN) license requirement.

Utility Enforcement Branch’s Enforcement Progression Model

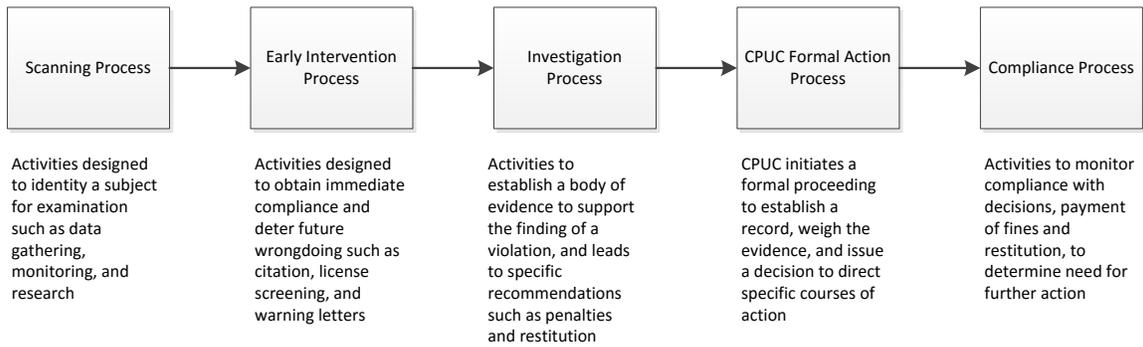


Figure 7.15 Citation Process for Telephone Slamming

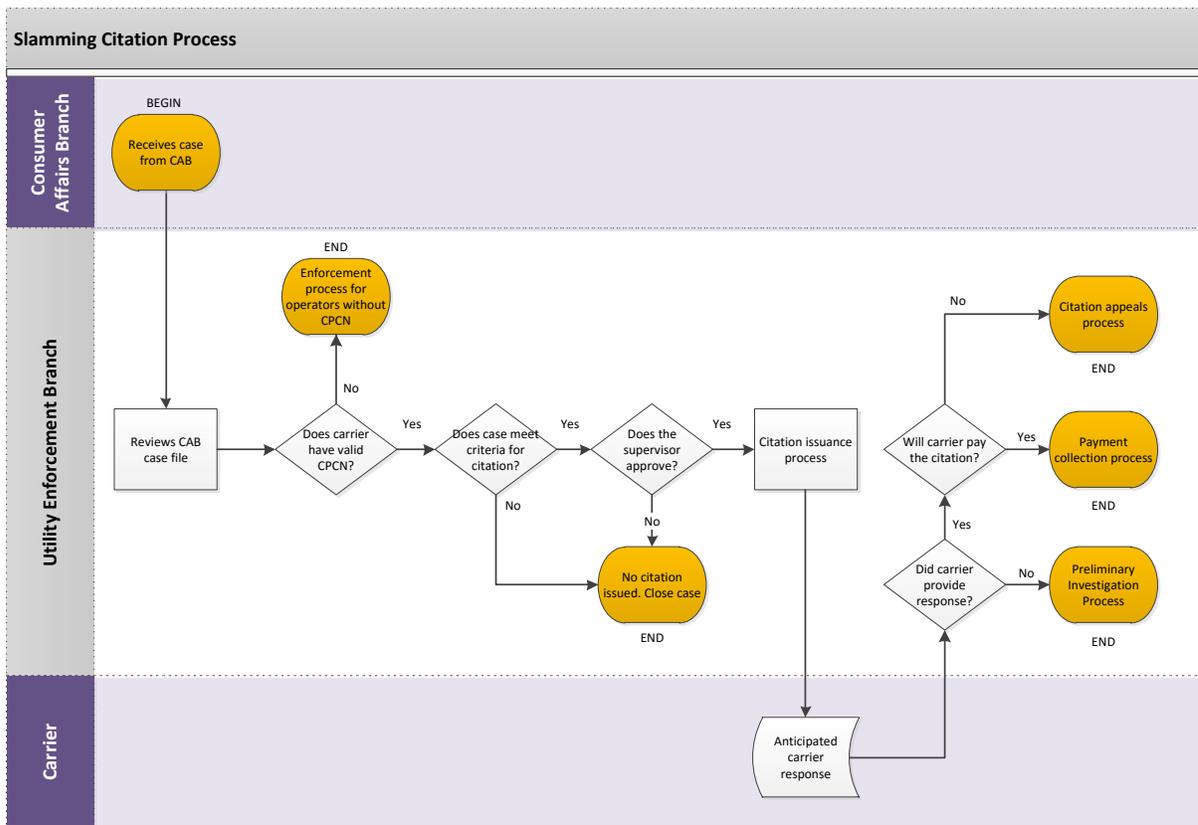




Figure 7.16 Investigation Process for Prepaid Phone Card Providers

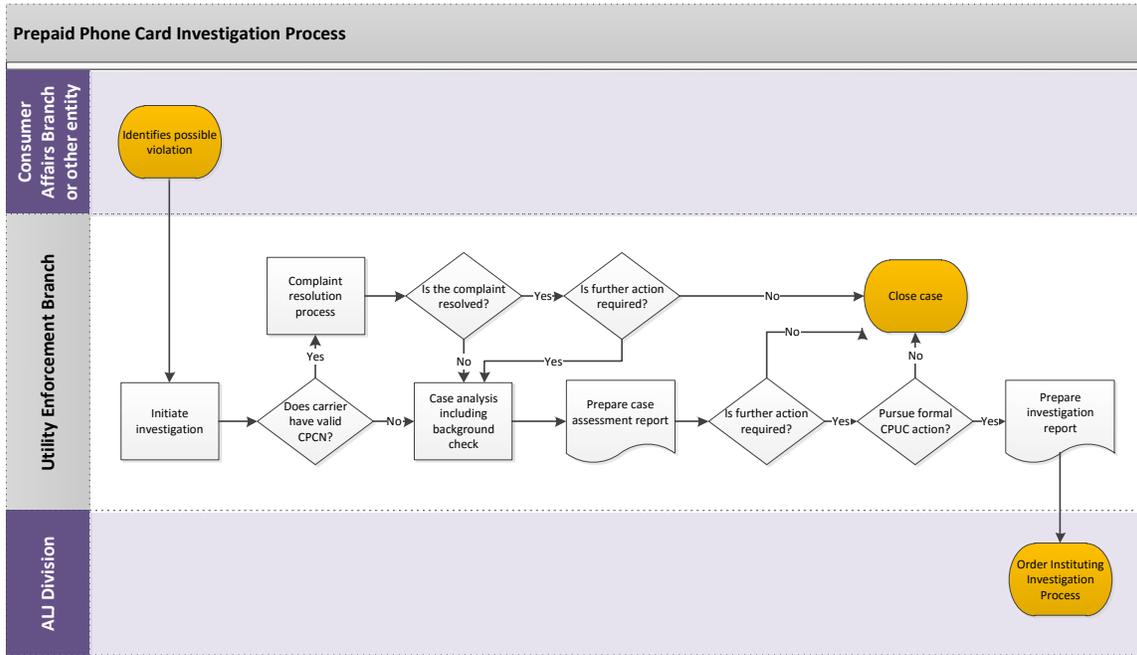
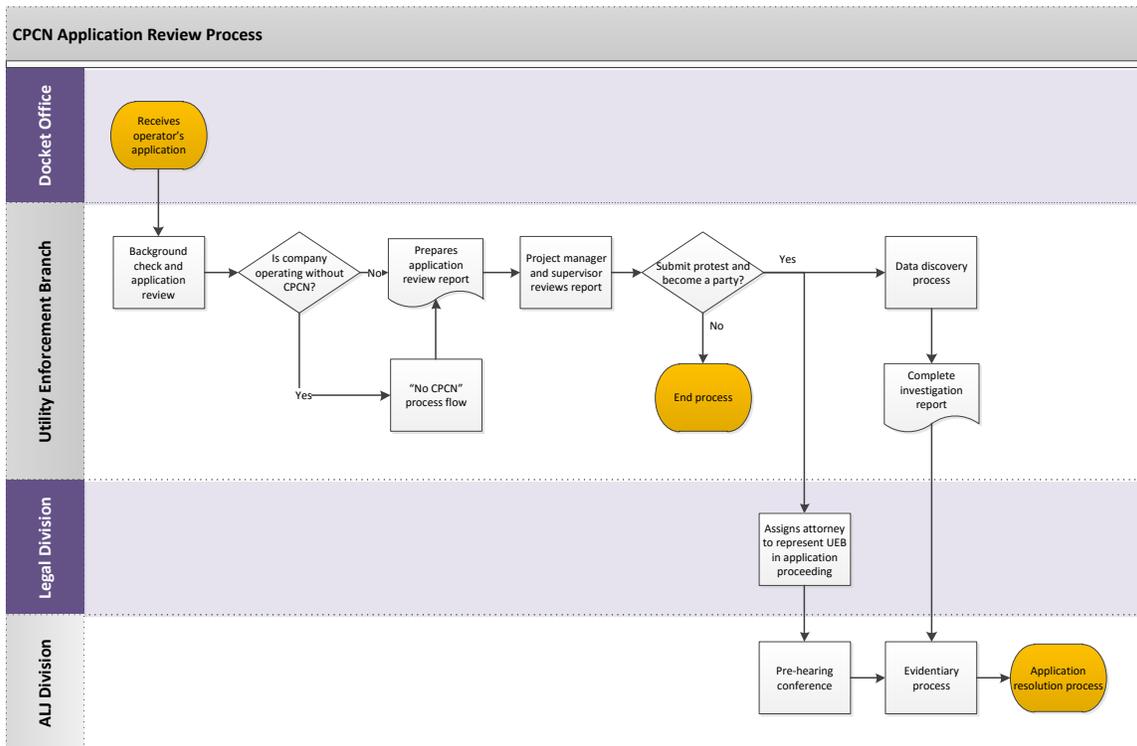


Figure 7.17 Enforcement Process for Utilities Operating Without CPCN

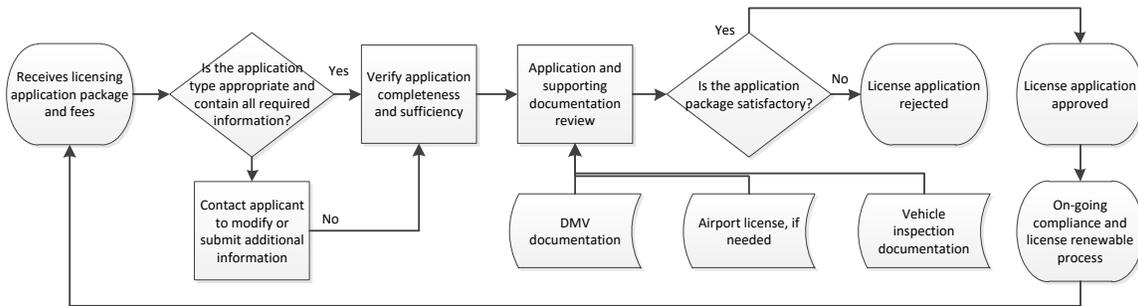




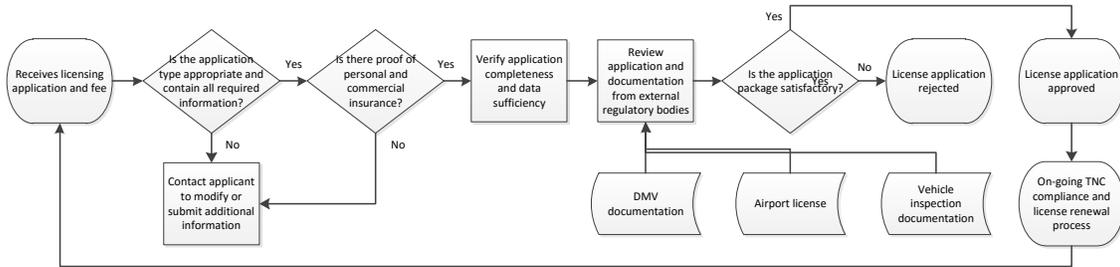
Transportation Enforcement Branch

The Transportation Enforcement Branch (TEB) is responsible for permitting and enforcement of companies involved in the transportation of people or used goods. TEB oversees the regulation of Transportation Network Companies like Uber and Lyft, limousine services, bus services, vessel common carriers, and moving companies. The core processes involves reviewing and approving licensing requests for compliant providers, as showed below.

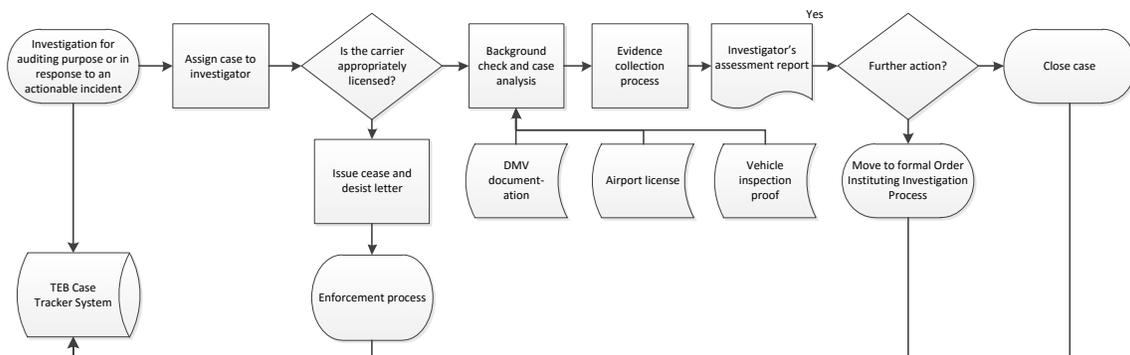
General Transportation Charter Party Carrier Licensing Process



Transportation Network Company Licensing Process

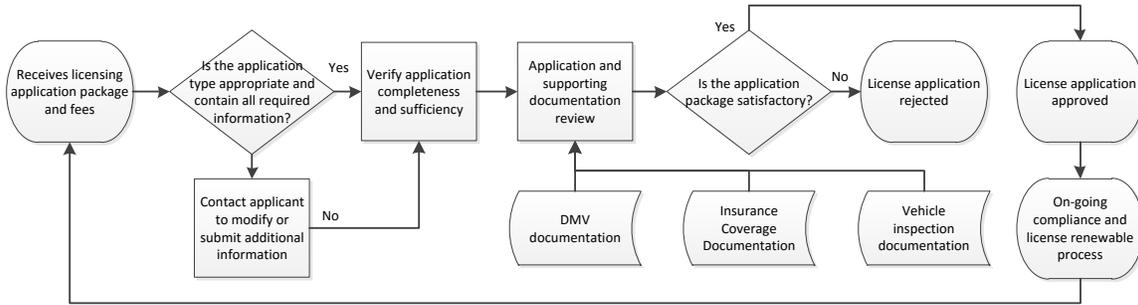


Transportation Carrier Investigation and Citation Process





Goods Carrier Licensing Process



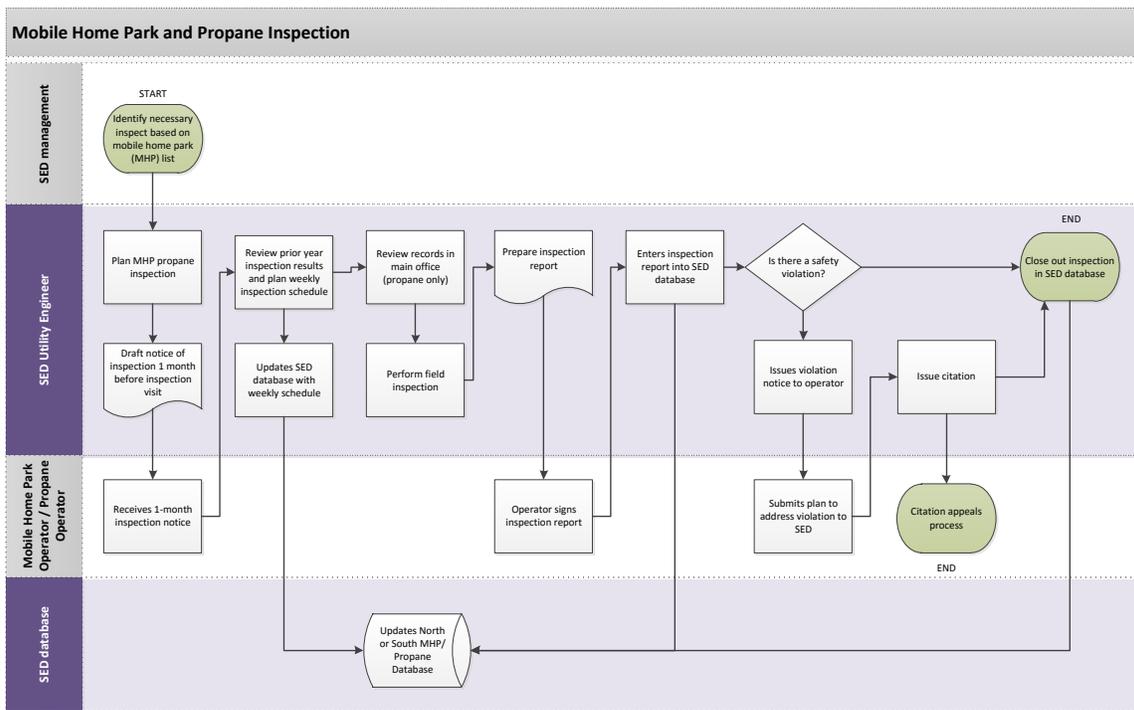
7.2 Safety and Enforcement Division

Safety and Enforcement Division oversees safety compliance in the area of electricity, natural gas, and rail. Additionally, it provides staff analytical and advisory service to ALJ divisions and CPUC Commissioners in formal regulatory proceedings on safety, as well as conducting legislative analysis for OGA from a safety perspective. The major work areas within SED pertain to electric infrastructure safety, natural gas infrastructure safety, and rail transit safety. SED relies on a several of its internal processes to carry out these responsibilities.

Mobile Home Park and Propane Inspection

An area of special focus for SED has been to ensure safety of gas operation at mobile home parks throughout California. These mobile home parks often rely on delivered propane service, which imposes a different safe of implication from natural gas services provided over the pipeline. SED managers regularly update and identify mobile home park sites in need of inspecting to ensure safe propane operation, as illustrated in Figure 7.21.

Figure 7.21 Propane Inspection at Mobile Home Parks

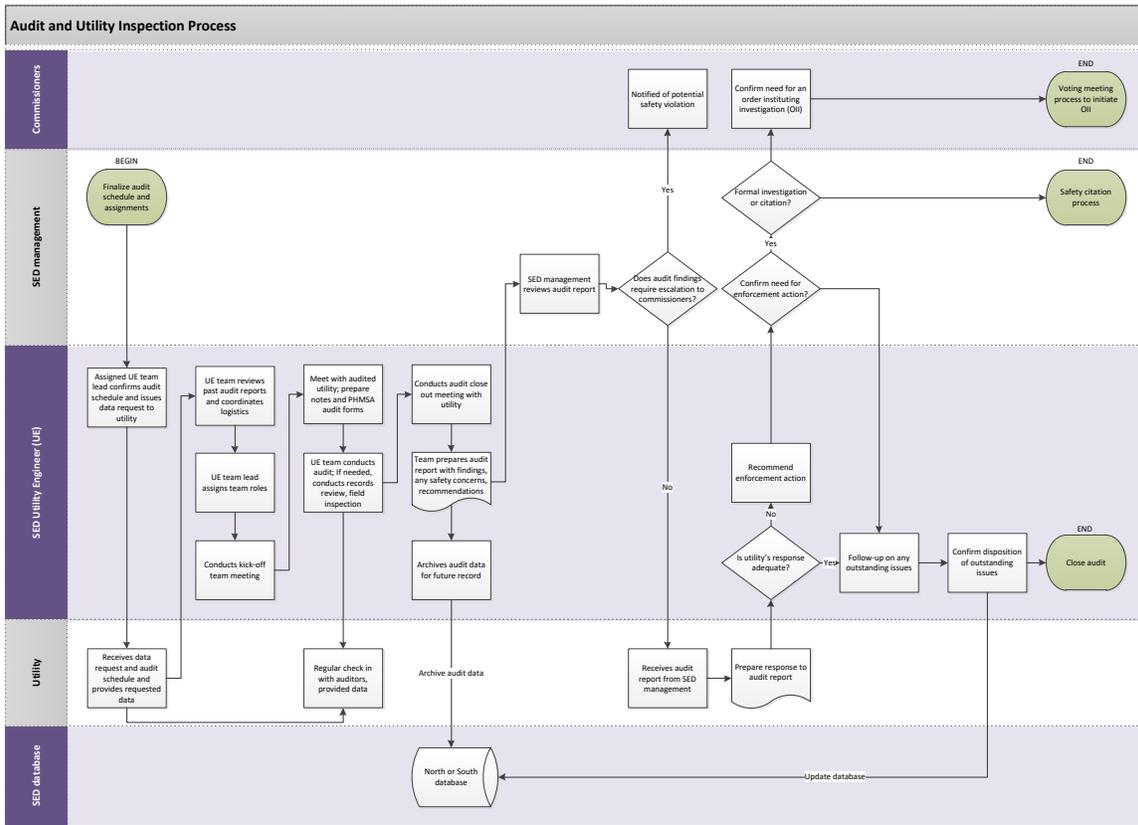


Regular Audit and Utility Inspection

In order to ensure utility compliance of all CPUC safety regulation, SED regularly schedules and conducts audit and inspection of utility facilities for electricity, natural gas pipelines, and rail, through the process outlined in Figure 7.22.



Figure 7.22 Audit and Utility Inspection

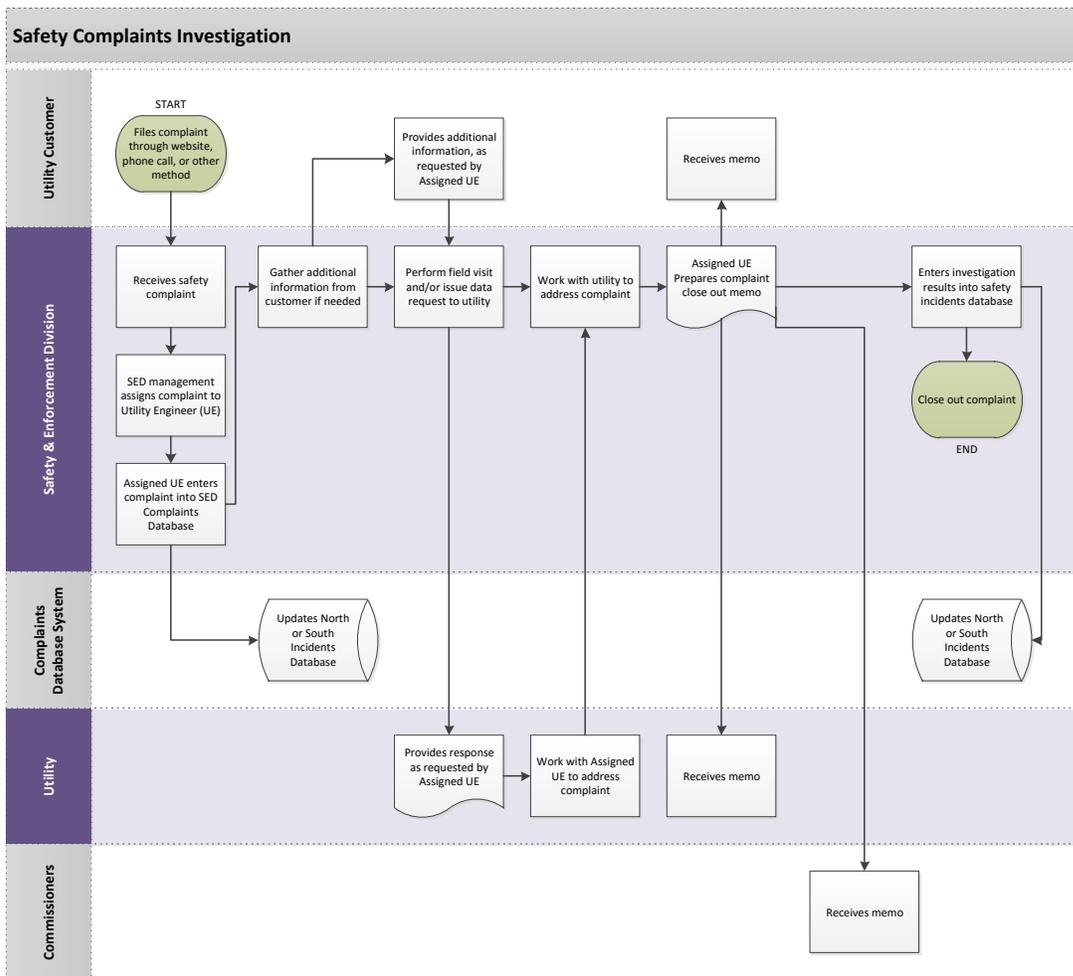


Safety Complaints Investigation

SED frequently relies on safety complaints filed by customers to identify potential safety violations that may not be captured in its regularly scheduled audits and inspections. When a complaint is received, SED management assigns a utility engineer to investigate whether the incident reported by the customer warrants enforcement action, based on the processed laid out in Data on safety complaints are also closely tracked to allow SED to identify any trends in consumer safety concerns.

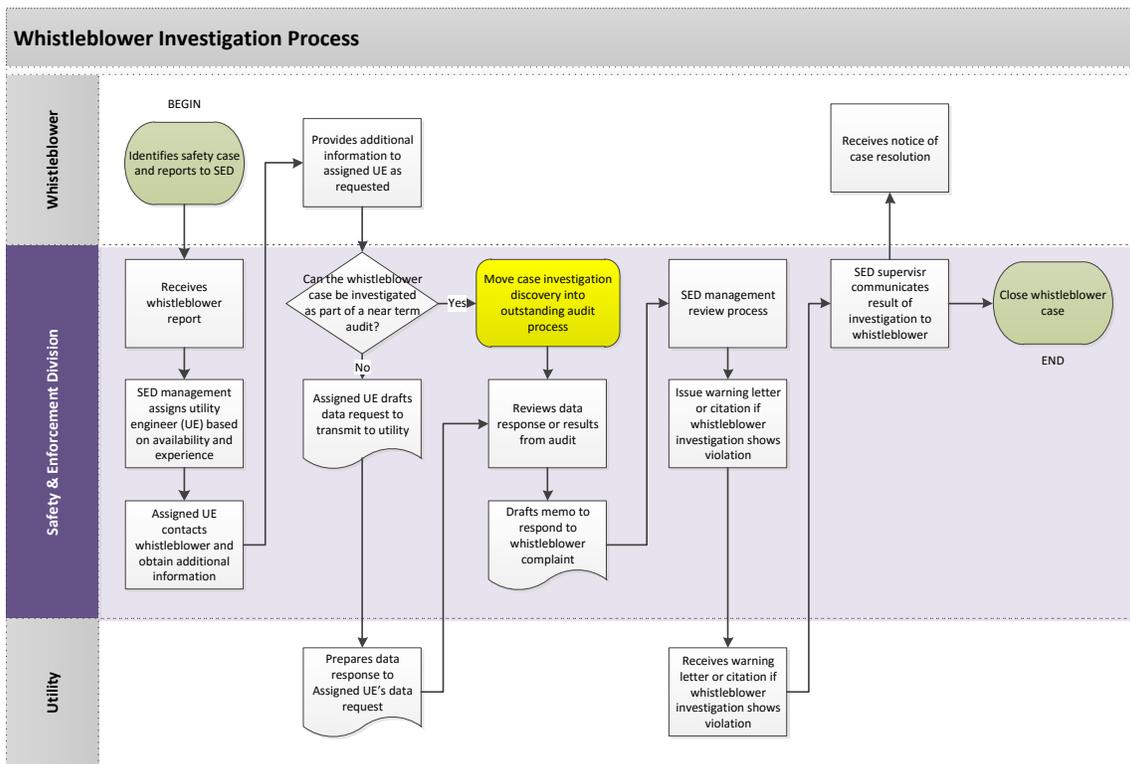


Figure 7.23 Safety Complaints Investigation



Certain safety complaints received by SED originate from an employee of regulated entities. In the case of such whistleblower complaints, SED incorporates its investigation into its regularly scheduled audit, if possible, to prevent jeopardizing the whistleblower identity, as illustrated in Figure

Figure 7.24 Whistleblower Investigation

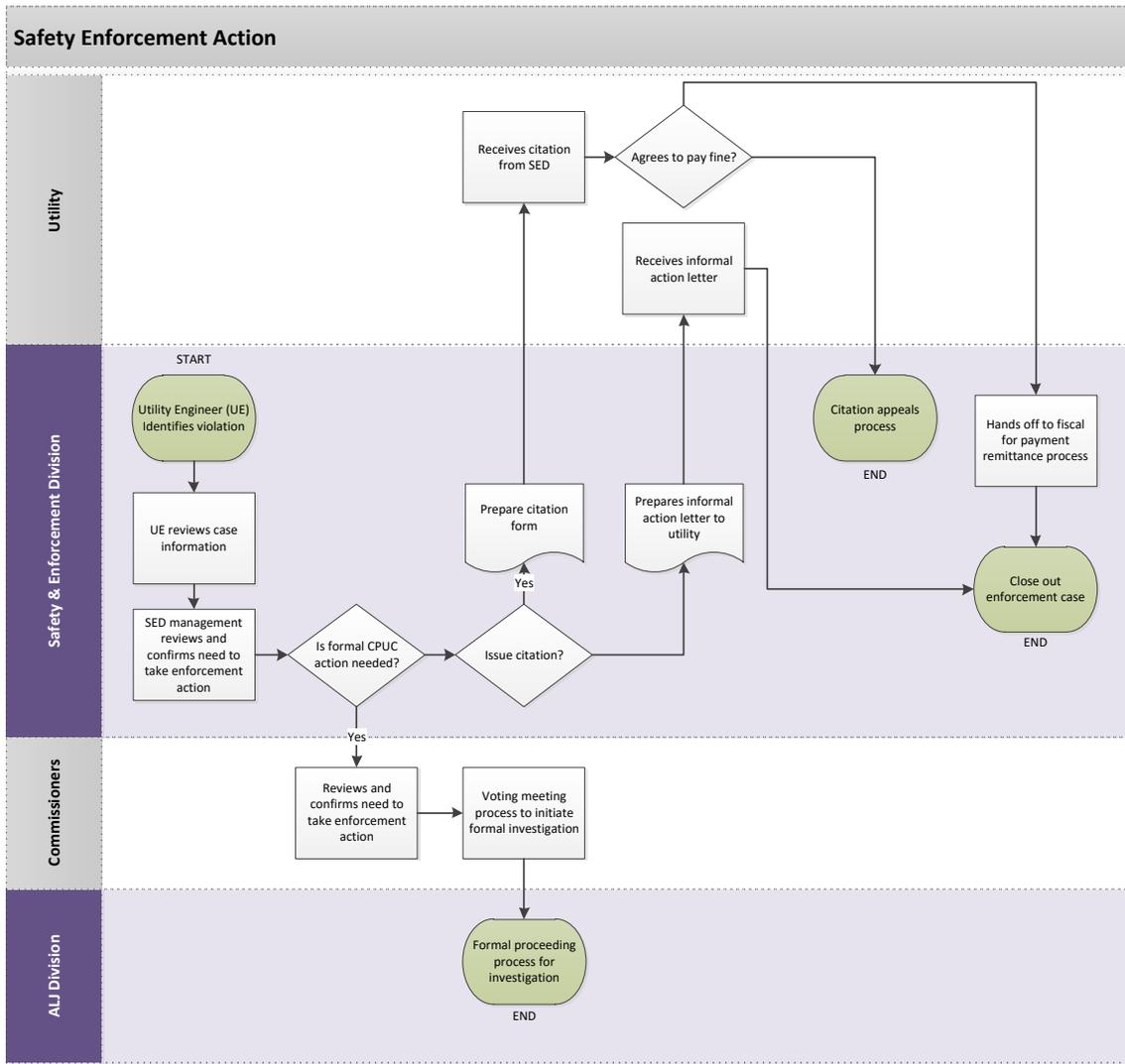


Safety Enforcement Action

When an audit, inspection, or investigation has resulted in the discovery of a safety violation, SED is responsible for either issuing a safety citation, or recommending to the Commissioners on whether to initiate a formal investigation, depending on the nature of the identified violation. This process is illustrated in Figure 7.25.



Figure 7.25 Enforcement Action Against Safety Violation



Role in Formal Regulatory Proceedings

In addition to providing advisory work in safety investigations carried out in the context of formal investigations, SED is also regularly involved in formal rulemakings and rate case proceedings to assist ALJs in reviewing utility proposals from the consumer safety perspective. SED managers and staff regularly support ALJs in these proceedings, review and prepare work papers, as well as provide staff recommendations based on staff analysis of available data through utility data requests and audit findings. These processes are laid out in Figure 7.26 and Figure 7.27.



Figure 7.26 Role in Rulemaking Proceedings

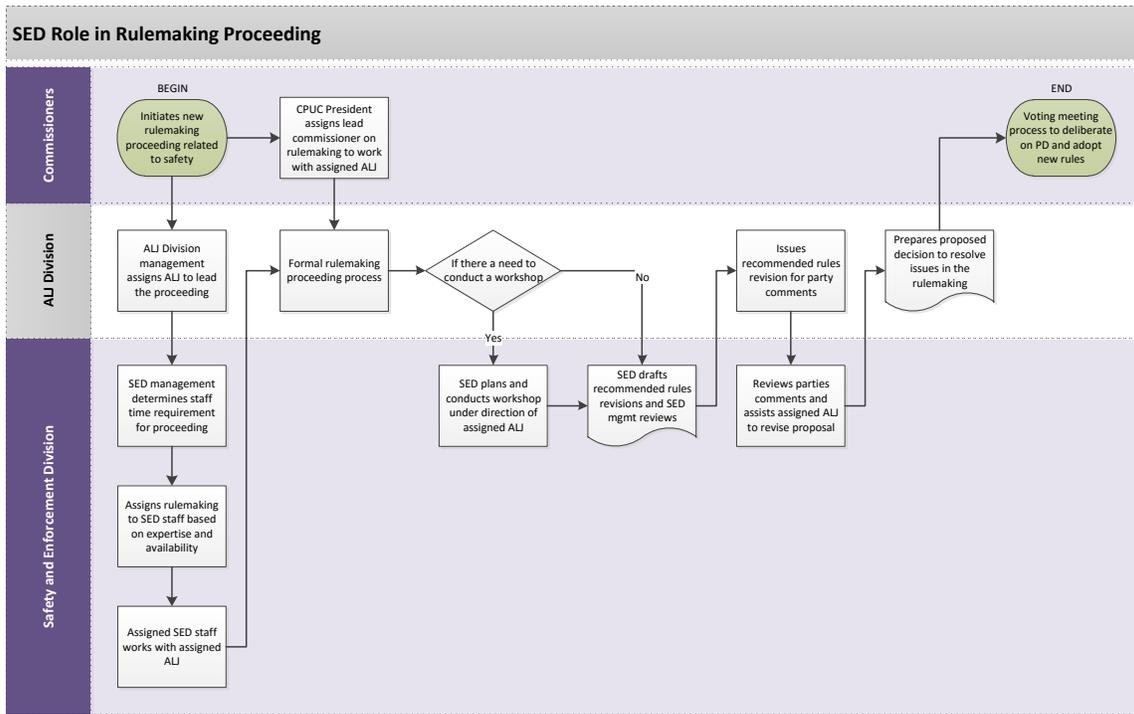
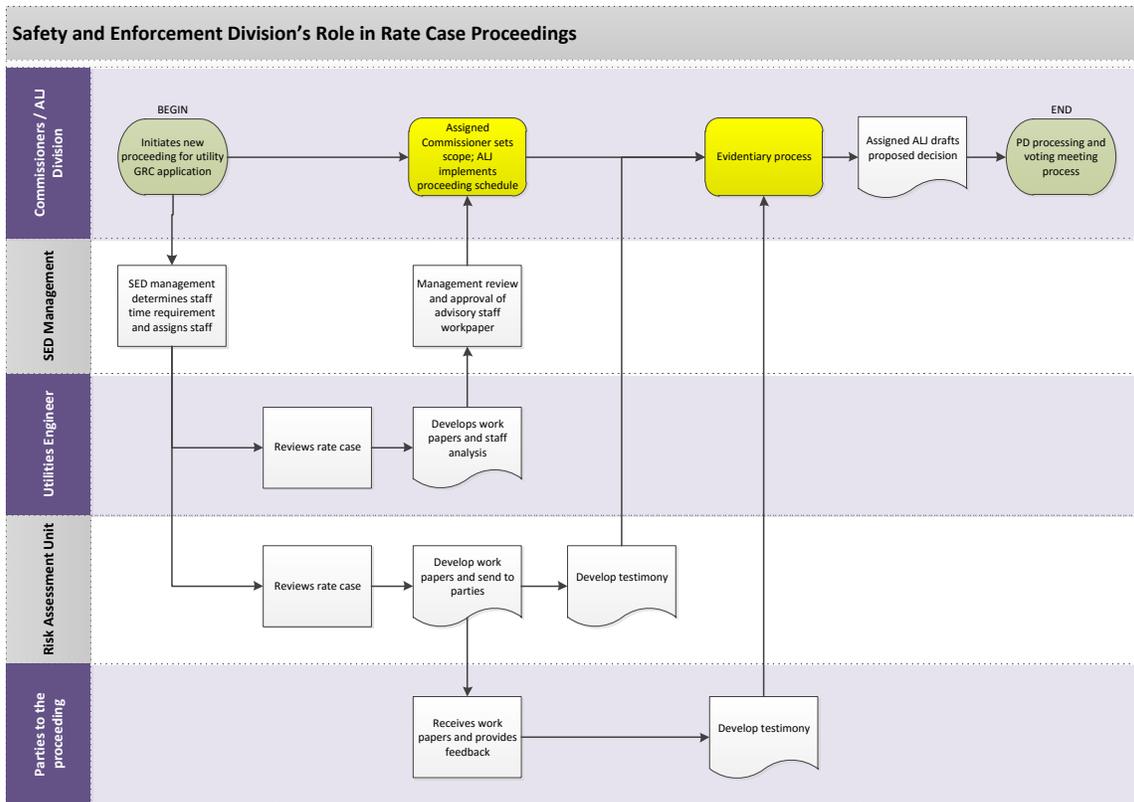


Figure 7.27 Role in Rate Case Proceedings

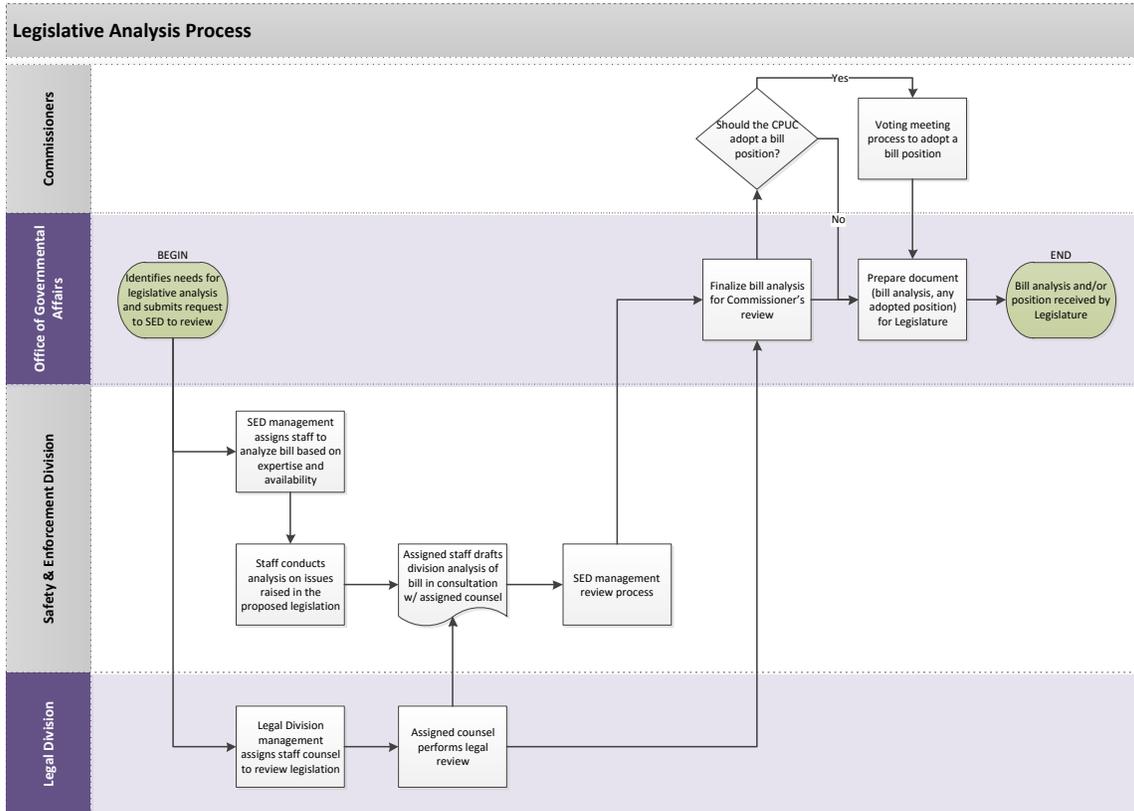




Providing Legislative Analysis

As safety becomes a higher profile area of legislative focus, SED allocates its staff resource to provide expert analysis on proposed safety legislation affecting CPUC regulated entities. Working in coordination with legislative liaisons in OGA and Legal Division, SED provides technical and safety policy analysis to the Legislature on bills, as illustrated in Figure 7.28.

Figure 7.28 SED Process for Legislative Analysis



8. PROCESS GOVERNANCE AND CHANGE MANAGEMENT RECOMMENDATIONS

For this process inventory to provide value to improving CPUC functions, future steps need to be taken to develop process measurement and control where necessary. Given the large number of distinct processes identified through this process inventory effort, it was neither feasible nor constructive to perform in-depth process analysis or process change management on all processes all at once. It may be the case that many processes need to be updated. But in order to support stability in workflow, it is far more practical to prioritize resource and attention to select processes that are more in greater need of re-alignment in a moderated and even-paced manner.

The CPUC can better deliver effective performance from its collective workforce talent by creating a process management structure where a dedicated process improvement unit can



perform deep process assessment, analyze process performance metrics such as timeliness and staff resources constraints, and weigh process alternatives to recommend viable process changes. This process management unit can reside within Executive Division, receives guidance from Commissioners on process management projects within a given time frame such as 6 months to a year, and work in collaboration with individual CPUC work units to troubleshoot process bottlenecks. A process management structure can ensure that all processes can be periodically re-assessed and realigned to fulfill strategic goals. By creating internal capability for incremental process change management, the CPUC will better ensure that the work steps taken by all CPUC personnel are coordinated and aligned with overall agency goals. Areas of improvements may include the following:

- Create a process repository system where process documentation and performance data can be stored and analyzed;
- Create business process management responsibilities and assign them to an executive-level management;
- Develop a business process management plan that systematically lay out short-, mid- and long-term goals to more effectively use current resources;
- Provide updates on process improvement efforts undertaken across all CPUC work units as part of the annual report;
- Work with all CPUC staff to develop qualitative and quantitative data collection and feedback mechanisms to identify process “pain points” where either added structure or added flexibility is needed to minimize process bottlenecks;
- Identify process steps that can be automated through information technology to free up human resources;
- Develop process change plans to align processes with new statutory mandates and goals.